

JPRS 74236

24 September 1979

# Latin America Report

No. 2047



FOREIGN BROADCAST INFORMATION SERVICE

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<b>REPORT DOCUMENTATION PAGE</b>		1. REPORT NO. JPRS 74236	2.	3. Recipient's Accession No.
4. Title and Subtitle LATIN AMERICA REPORT, No. 2047			5. Report Date 24 September 1979	
7. Author(s)			6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Rept. No.	
			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
12. Sponsoring Organization Name and Address  As above			13. Type of Report & Period Covered	
			14.	
15. Supplementary Notes				
16. Abstract (Limit 200 words)  The serial report contains articles on political and sociological developments in major areas of Latin America, as reported primarily from Latin American newspapers and periodicals. It also includes information on major segments of Latin American economy, geography, culture, and ethnography.				
17. Document Analysis a. Descriptors				
Political Science	Inter-American Affairs	Haiti		
Sociology	x Argentina	Honduras		
Economics	Barbados	Jamaica		
Culture	x Bolivia	Mexico		
Ethnology	x Brazil	Netherlands		
Technological	x Chile	Antilles		
Geography	Colombia	Nicaragua		
	Costa Rica	Panama		
	Cuba	Paraguay		
	x Dominican Republic	Peru		
	Ecuador	Trinidad-Tobago		
	El Salvador	x Uruguay		
	Guatemala	x Venezuela		
	Guyana			
b. Identifiers/Open-Ended Terms				
c. COSATI Field/Group 5D, 5C, 5K				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 89	
		20. Security Class (This Page) UNCLASSIFIED	22. Price	

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PRESS COVERAGE OF CIVILIAN, MILITARY, POLITICAL ACTIVITIES

Graffigna Statements: Massera's New Party

Buenos Aires CONFIRMADO in Spanish 9 Aug 79 pp 4-5

[Excerpt] Speech by Graffigna

The political plan of the armed forces will be on the carpet again through the speech which Brig Gen Omar Graffigna will deliver tomorrow, Friday [10 August 1979], on Air Force Day. Observers noted that the commander in chief will presumably reaffirm the decision of the military junta to direct the democratization process firmly. Graffigna's speech will reportedly reiterate the concept of "gradualism" in the transfer of power of civilians. It will likely also stress the need to hold (as an initial step) elections in municipalities but without the participation (at that stage) of the traditional political parties.

Surprisingly, in the traditional circles themselves interest in the political proposal is giving ground to the wave of speculation regarding presidential succession, the future pattern of power at that new stage--naturally, without forgetting developments and advances in the military realm.

It is appropriate to believe that until early September 1979 politicians will observe a letup in their activities in the hope that these subjects--through the contacts that are increasing with representatives of the government--will throw light on the situation. For the moment, the offensive which the multiparty document (endorsed by Justicialistas, developmentalists, intransigents, and Socialists) tried to launch on Jose Alfredo Martinez de Hoz went unnoticed and deserved a harsh reply--made public on Saturday, 4 August--from business circles, many of which appear involved in militant Christian positions.

Massera's Party

The offices which Adm Emilio Eduardo Massera has on Cemito Street are being disturbed by the comings and goings of colleagues of the former navy chief. The excitement has a reason: In the next few days Massera and his political friends may announce the formation of a movement. Its designation--

approved following intense lobbying--is that of the Social Democracy Party [PDS]. On the basis of what could be determined in circles close to the Massera movement it is probable that before becoming public the PDS may be "presented" to leaders of traditional political parties. Massera will explain the objectives of the new faction through talks that he will have with the heads of those groups (among whom Ricardo Babin would not be excluded). Perhaps at those meetings the admiral may expound the social democratic philosophy of the group at the same time that he makes explicit that, while it will become a member of the Process of National Reorganization, his group will not necessarily be transformed into the "heir" that some demand.

To strengthen the doctrinaire baggage of the PDS the aides of Massera have opened an office located in a well-known gallery on conventional Florida Street. There a small core of specialists including a former prime minister and several former ambassadors will study the major lines of the country's foreign policy.

#### Proposed UCR-Peronist Accord

Buenos Aires CONFIRMADO in Spanish 9 Aug 79 pp 10-11

[Interview with Alejandro Diaz Biale, former president of the bloc of senators of the FREJULI, in Buenos Aires by Eliseo Alvarez; date not given]

[Text] Wearing an elegant blue suit with shirt and tie to match, Alejandro Diaz Biale received the reporter of CONFIRMADO at his apartment on Alvear Avenue in the heart of the Northern District. The lengthy conversation took place in a living room full of famous-national-brand furnishings (Forte, Venier). While he answered all the questions that were put to him, Diaz Biale thought at length about his answers, pondering over each word. Perhaps he was afraid of an indiscretion that would remove him from the present hierarchy of the Justicialista Party [PJ]. The thing is that the head of the FREJULI [Justicialista Liberation Front] bloc senators continues to hope for a definition in the polemics between the "hardliners" and "softliners" of Peronism. While he waits for that opportunity to arrive he is having talks with the various personalities of the PJ and asserts that he is a friend of everyone, at least for the time being.

Question: From 24 March 1976 to date you have maintained a certain degree of political silence.

Answer: That assertion does not jibe with reality. I signed the various documents made public by the Justicialista Party. What is happening is that with the suspension of partisan activities the importance of the declarations is limited because we politicians lack forums from which to express ourselves.

Question: In the past 3 months in the midst of the Peronist camp old confrontations floated to the surface once more and they exhibited various lines: the

hardliners," the "softliners," and even those with an "intermediate" position reappeared. How do you stand in this respect?

Answer: I believe that for a Peronist such as myself there is nothing better than another Peronist, and consequently I shall not play with the various factions which are naturally around in a movement such as ours. The existence of these factions, nevertheless, evidences the vigor and depth of Peronism.

Question: But the matter on whose basis divergences occur is essentially that of the hierarchy. Is this valid or not under the present circumstances?

Answer: What is valuable among the men of the Justicialista Party is that hierarchy passes through doctrine.

Question: There are quite a few who assert that its concept of hierarchy makes the Justicialista Party an antidemocratic party.

Answer: You are mistaken: The Justicialista Party is thoroughly democratic. not only because it represents the Argentine popular majority but because these factions reveal that diversity of opinions is allowed.

Question: But within this scheme of diverse opinions, what is the political future of Maria Estela Martinez de Peron?

Answer: I respect the party's leadership and its president, Isabel Peron. How would I not respect it since I, too, am a member of its national congress and thus am part of the leadership?

Question: Some of the political leaders believe that it is necessary to proscribe the Justicialista Party and assert that the best service which Peronism can render Argentina is to keep quiet.

Answer: It is not improbable that there are still small groups in society which do not even manage to make up what can be called an influential minority. These gentlemen repudiate social justice and are afraid of the popular minorities. Their attitudes demonstrate the error of their ways. As a democrat I believe that they must admit the fact that everything should occur within the law and nothing outside of it. For that reason it would be important that they imitate the example of the Athenians who first defended the law and then their walls.

Question: In 1979 what should be the proposal of a civilian authority in a situation such as the one which the country faces?

Answer: In 1973, in the national senate, a stance became evident which all Argentines had approved: That of coexistence among the various political groups. This was one of the posthumous achievements of Gen Juan Peron. Today, 6 years later, that coincidence which made national unity possible continues with unquestionable vigor. For that reason the response to the "aggiornamento"

requested from the parties has to pass through the respect of all Argentines without exception for the national Constitution. Once that goal is achieved it is necessary to include the problem of social rights and to strengthen political rights, the only way of making the democratic system completely effective.

Question: Are you referring to the 1853 Constitution or a revised text?

Answer: Given the lamentably institutional situation it would be indispensable to return to the complete enforcement of the Constitution of 1853--especially to the provisions stated in its preamble. This is without prejudice to the fact that, once all Argentines are made to respect the Constitution, amendments would be introduced to permit strengthening the political rights and the full effectiveness of social freedoms. To achieve this goal it is necessary that there should be an immediate return to the ballot box because voting, as Carlos Pellegrini asserted, "is the only thing that elevates and dignifies the citizen and makes the people great and respectable. A people who vote hold in their hands the means of pushing back all dangers and solving all problems."

Question: Many feel that the electoral experiment of 1973 was sufficiently unfortunate to discourage voting expectations today. They say that it is not yet time to think of elections.

Answer: You are mistaken. Additionally, I believe that a return to the democratic system should already have occurred. Its postponement militates against social peace, Argentine liberties, and the future of greatness to which the people are entitled.

Question: But you cannot deny that the last constitutional government committed errors and some of them sufficiently serious ones.

Answer: I agree that errors were committed but they were human since we were not perfect human beings. Still, there were not so many errors as to justify the break in the constitutional order. Furthermore, we should not forget that we assumed power under very difficult circumstances such as the long years during which democratic life was interrupted by de facto [authoritarian] governments.

Question: In your opinion what path should Peronism follow to achieve these goals?

Answer: The National Justicialista Movement [MNJ], as an expression of the Argentine popular majority, must maintain the ideals that prompted it to constitute the FREJULI, which was one of the major pillars of national unity.

Question: The UCR [Radical Civic Union] was not a member of FREJULI. Do you think it appropriate to maintain that absence?

Answer: Relations with the UCR must be maintained at the same level as they were at the Hour of the People. The popular and democratic essence of the radical movement always prompted them to respect and defend constitutional life.

Question: So then, are you a partisan of a Peronist-UCR accord?

Answer: An agreement is not necessary. It is enough that we should have common denominators and I believe that this has already been achieved.

Question: What is your opinion about the democratic aspirations expressed by the government?

Answer: So far the government officials have never explained what they understood by stable and pluralistic democracy. Accordingly, when they express their thoughts in this respect I shall give my opinion about what they consider to be democracy.

Question: Some of the top leaders of the Process speak of the need to create "a political heir," do they not?

Answer: Those who seek a lineage merely evidence through this a desire which does not jibe with the freedom enjoyed by the people. It happens that it is the citizens who are the trustees of sovereignty in order to elect their rulers and approve their leadership classes.

Question: Did those citizens who voted in the FREJULI elect Lopez Rega as if he was one of their leaders?

Answer: There is everything in the Lord's vineyard.

#### Political Alliances Unrealized

Buenos Aires LA NACION in Spanish 16 Aug 79 p 8

[Article: "A Frustrated Document"]

[Text] Who can guarantee that Peronists, developmentalists, intransigents, Socialists, Christian democrats, popular conservatives, and communists will not try again to draw up some unity document? Politics does not exclude the possibility of renewed effort. But today the series of four or five documents which Peronism signed with its allies of the moment seems to have been concluded. The last one may be the recent one that criticized the government's economic policy. That is where--Peronists close to Camus and Bittel assert--the series comes to an end because that other multiparty document which has come very close to being published in the last 15 days and which proposed "to urgently demand the rule of law" will definitively remain in draft form. There was no agreement among those who qualified to sign it.

Now then, when the chapter of the joint documents appears to be closed, Bittel and Camus will insist on expanding and consolidating their internal front so that Peronism may spell out a political attitude.

#### New Tactic

In the face of a developmentalism which insists on restricting its criticism to economic matters and a radicalism which continues to reflect and examine itself, Bittel and Camus believe that it is not appropriate to move further in the area of multiparty unity which sees Peronism "exclusively in a leftist front."

Bittel will arrive in Buenos Aires on Tuesday (21 August 1979) to pursue the new chosen tactic. He may be received on Wednesday by one of the topmost leaders of the Argentine Bishops' Conference. The date is provisional but assurances have been given that the audience was approved. This interview is indicative of the fact that Bittel will carry his immediate action to the trade unions and business circles and that he will try to exert influence on the situation of some prisoners.

On Tuesday he will be at a meal organized by the Club of the 45, an institution which includes the principal figures of the so-called historical Peronism. There, among some 20 companions, will be Camus, Anchorena, Materna, and Gomez Morales. Since this meal will precede the audience granted by Primatesta, Bittel will see his interlocutor of the Argentine Bishops' Conference with a renewed luster of representativeness.

It is not improbable that the Peronist leadership should on that occasion try to be a kind of spokesman for the concerns which other parties share with the Justicialista Party. According to Peronism, the alliances are not over. Agreements on general lines which can occur later will be noticed in comparison with the documents that those who have so far signed their political pronouncements together issue individually. However, it is obvious that the multiparty relationship has changed.

#### Allende's Reasons

The decision made by Peronism when it comes to developing its identity will only impact with major immediate consequences on the Popular Christian Party [PPC], a member of the Democratic Christian Federation together with the Christian Revolutionary Party [PRC].

Dr Enrique de Vedia leads the PPC with the opposition of the sector headed by Dr Jose Antonio Allende. The latter and his supporters accuse Vedia and his people of exercising a "hierarchist" partisan government and of ignoring in practice that the party's national council came out in favor of civilian military unity. Allende holds that the multi-party documents approved with Peronism and other parties already mentioned have not enhanced this unity. There was also objection to the revision of relations with Peronist hierarchism and developmentalism, summed up in the joint pronouncements.

Now that the alliances are deteriorating with the new Peronist attitude, Vedia's position in the Popular Christian Party could become more vulnerable to Allende's opposition.

#### Majority Will

Beginning in March 1979 Allende has periodically asked for a meeting of the party's national council so that it may be proven that the majority of the districts of the group uphold his tactical judgment in the face of what Vedia has put into practice. But so far Vedia has not summoned the council, a fact which seems to support a strong presumption: Allende enjoys the support of at least two-thirds of all the districts, a sufficient number to mandate a change of direction.

It is asserted that a couple of months ago Allende was offered that he share the presidency of the Christian Democratic Federation with Francisco Cerro of the Christian Revolutionary Party. Allende rejected this agreement formula.

The pressure exerted on Vedia by his opponents in the party allows one to suppose that finally the council will be summoned. It is also said that in the Christian Revolutionary Party there is a faction favorable to the ideas of Allende. It is thus not improbable that the Christian Democratic Federation may be able to subsist after the changes that are taking shape.

#### UCR: The Perils of Gradualism

Buenos Aires LA PRENSA in Spanish 19 Aug 79 p 4

[Article: "The Leaders of the UCR Spoke at a Meeting Held in Cordoba"]

[Text] Cordoba--The former Argentine vice president, Dr Carlos H. Perette, criticized the "permanent contradiction within the military sectors" regarding the deadlines which institutional normalization will necessitate and asserted that this matter causes "disorientation, uncertainty, and insecurity in the country."

Perette noted that "as far as deadlines are concerned, first 1981, then 1984, and now 1987 were announced and there were those who in their speeches also talked of the year 2000 . . . ."

"What is certain," he added, "is that it seems that they wish to extend the deadlines, which would cause alienation between the armed forces and the civilians, an alienation which the Radical Civic Union [UCR] considers to be extremely dangerous."

The former vice president expressed these thoughts during a round-table conference organized by the newspaper LA VOZ DEL INTERIOR [Voice of the Interior] with the participation of a group of UCR leaders. These gathered in the

newspaper's offices to congratulate its executives on the paper's 75th anniversary and they were consulted on current issues.

Former legislator Antonio Troccoli maintained that "the approval of basic laws such as that of professional associations and the Statute of Political Parties is absolutely necessary."

#### Other Speakers

"The government," Troccoli said, "has taken cognizance of the first, even though belatedly, but forgot the second, maintaining a political ban which prevents the reorganization of political parties and which is gradually isolating the government."

The former legislator added that "we concede that the process takes its time but not any amount of time. We are ready to concede that the reorganization of political parties and of workers' and businessmen's association takes time, that is, the time for a fruitful and creative dialog, but that does not mean accepting that the military authority as a hegemonic sector and with its claim of exercising the country's political sovereignty should set indefinitely the time of its own perpetuation in power or rule without consultation."

In his turn the leader Juan Trilla expressed his opinion on the effects of the economic program on the political landscape, noting that "after 3 years the results of the economic policy are visible: The people's incomes have dropped drastically and many social sectors are affected."

For Trilla "this situation creates a climate of self-assertion which stymies the possibilities of a democratic outcome." Because of that he expressed the opinion that "the economic guidelines have to be changed if what is sought is social equilibrium and national reconciliation."

Raul Alfonsin, on his part, alluded to the topic of human rights and held that "among the measures that must be taken in connection with that issue the release of all prisoners held by the executive branch and against whom no charges have been pressed must be affected while those against whom charges have been made should be brought to trial."

"I also believe," Alfonsin said, "that the conditions of prisoners should be in line with the constitutional provisions in effect and finally I believe that there must be a frank and sincere dialog in the country regarding the disappearance of citizens."

Finally, Luis Leon spoke about the subject of the future of Latin American democracy and of the "return of Argentina to a democratic Latin America." He said that "I firmly believe in the two things."

"The majority of Latin American countries," he continued, "are involved in consolidating democratic regimes and we have seen how the old dictatorships were toppled one by one." Leon added that "we must observe that as always domestic and foreign policy are juxtaposed and for that reasons Argentina must return as rapidly as possible to internal democracy on more solid and definitive bases now in order to join this great endeavor of Latin American democracy."

#### Vaquero's Address

Buenos Aires CLARIN in Spanish 18 Aug 79 p 2

[Article: "Vaquero Spoke at a Mass Meeting"]

[Text] Bahia Blanca--A mass popular demonstration, comparable in its scale only with the events held in connection with the city's 150th anniversary last year, provided the setting for the celebration honoring Gen Jose de San Martin in Bahia Blanca.

The city, through its Association of Reservists and with the support of the command of the V Army Corps and the integral participation of official and private groups, trade unions, and the public in general, achieved unprecedented mobilization. After the gathering of the people in front of the monument to General San Martin in Parque de Mayo, the commander of the V Army Corps, Gen Jose Antonio Vaquero, gave a speech. Following it there was a parade on Alem Avenue in which practically all the citizens took part. The crowd was estimated at around 45,000 people.

Moments after 1430 hours the ceremony proper began once the topmost officials had arrived. The members and colors of the various groups were presented to the commander of the V Army Corps and were reviewed. Shortly after the Argentine national anthem was sounded, three floral arrangements were placed at the foot of the monument to General San Martin on behalf of the army, the navy, and the municipality, this last one in the name of all the people. At 1500 hours a bugle call brought silence, recalling the time of the passing to immortality of the nation's founder. A few seconds later the commander of the V Army Corps, General Vaquero, spoke.

During the speech which he delivered before the large audience, General Vaquero said that "it is a mature Argentina which is achieving domestic peace so that the great ideals of Argentine society may continue to be implemented: Belief in God, belief that the family continues to be the base of our social organization, belief in the practice of trustful friendship, belief that one must take complete advantage of past knowledge and present progress, belief that the human personality can be elevated peacefully, belief that it is lawful to dissent with the opinion of other individuals and even to criticize the government itself, belief that the worker, within the limits of the law, must struggle for his social achievements, belief that the ownership of property secured honorably, through one's personal effort, is lawful.

"Finally," he added, "belief that the individual's dignity is a goal of the state and not that the individual is at the service of an omnipotent state. It is a mature Argentina which in its foreign relations, too, seeks peace, requesting the mediation of the Pope in its dispute with Chile and which puts its trust in the immense wisdom of His Holiness, also hoping that its attitude may be understood by its sister nation because Argentina pledges peace and has sprung like a lion only when it has been attacked at home or an attempt has been made to violate its sovereign rights."

In his address General Vaquero also recalled the Campaign of the Desert, giving quotes from Alberdi which he elaborated by indicating that "to govern is to settle empty spaces," alluding to the southern region in stating that "it will be necessary to develop that immense reservoir which Argentine Patagonia represents."

General Vaquero furthermore recalled that near Bahia Blanca, at Curumalal, the first core of 20-year-old citizens was given instruction in 1896, noting that in wartime the human potential is decisive. The commander of the V Army Corps stressed the importance assumed by the presence of reserves and women. Elsewhere in his speech he said: "Let those inside and those outside make no mistake. This Argentina, heir of the events of 1810 and 1816, is the country which responded with a flat 'no' to terrorist force and defeated it."

In the final part of his address, before asking for the oath of allegiance to the flag from thousands of men and women, General Vaquero recalled that "we live in times when the nation can ask us to make good on the oath that we are about to take." After indicating that "we Argentines know how to kneel only before God," he asked for the appropriate oath which came forth with a deafening 'yes, I swear' by thousands of voices of those present at the commemoration.

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CSO: 3010

RESTON: NORMALIZATION OF LABOR ACTIVITIES WITHIN TWO YEARS

Buenos Aires LA OPINION in Spanish 22 Aug 79 p 11

[Article: "Reston Anticipates Collective Agreements"]

[Text] "Collective labor agreements will be a reality once all trade union activity becomes normal," the minister of labor, Brig Gen Llamil Reston, said at a press conference held in the White Hall of Jujuy Province's government house in the presence of that province's executive, Brig Gen (Retired) Fernando Vicente Urdapilleta.

General Reston referred during the conference in which newsmen from various local media and special correspondents from metropolitan publications took part to his experience during his 2-day visit to that province and to national labor topics. In that respect the official estimated that the aforementioned trade union normalization would occur in "1 1/2 or 2 years," adding that solving same is "like demolishing a building and beginning over again with the basic organizations, trade unions, before reaching the federations."

In the same way the Minister of Labor noted that the Law of Trade Union Associations will be approved "in September or October," and that this law "does not anticipate bans of any type except those which stem from undesirable legal antecedents, all of the others [sic] being in effect."

He added that "trade unions and federations will be able to freely bargain about their wages and working conditions," evidencing at the same time that "the trade union organizations will be structured and limited to their specific tasks and the new Law of Trade Union Associations leans in this direction."

Regarding the document of the Argentine Episcopate on trade union activity, General Reston noted that "the document which the Church has released is not a novelty since we all know the latter's social doctrine."

Prior to the press conference, Gen Llamil Reston agreed to meet with 28 provincial trade unionists, informing himself on the situation of the workers of Jujuy Province and making known to them at the same time the developments of which he would subsequently advise the press.

Immediately after completing his work in July, the official went to Salta Province where he arrived yesterday afternoon [21 August 1979]. The Minister of Labor was received by the executive of Salta Province, Navy Capt (Retired) Roberto Augusto Ulloa, and he subsequently went to the garrison of the local army unit where Col Mario Aguado Benitez was expecting him.

Reston's activity in Salta Province as well as his tour through other provinces will conclude tomorrow with another press conference after which he will start his trip back to the federal capital.

As regards the labor issue it is appropriate to note that the Legislative Advisory Committee (CAL) requested yesterday the legal 10-day postponement in order to express its opinion on the government bill relating to the Law of Trade Union Associations.

The bill will replace the one called Law of Professional Associations, which was suspended by the existing process [of National Reorganization].

According to what could be determined, the new legal ordinance does not contemplate giving recognition--through decree--to a third-level entity, that is, to a labor union federation such as the General Labor Confederation (COT) or a similar body.

The bill was presented on 9 May 1979 by the Ministry of Labor to the national executive and sent to the CAL on 24 July 1979.

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UCR [Radical Civic Union] leaders expressed themselves in favor of the operation of apolitical trade union organizations even though they warned about the "dangerous weakening of the trade union structure" at a meeting held at the "Instituto Mayo"[institute], an organization which has the support of the Radical Civic Union.

The speakers at the meeting were the former national deputy Carlos Fonte and Gabriel Matzkin, members of the Labor Affairs Committee of the Instituto Mayo.

Fonte noted that "we do not wish that through the new legislation the workers' movement should be dismantled," adding that "we desire that errors be corrected and that abuses and deviations be overcome, encouraging a United Trade Union Movement."

The speaker came out in favor of banning partisan political activity in the trade unions "because it ends up as a distraction from the true activity of the trade union."

## BRIEFS

LABOR UNIFICATION--Mendoza (NA)--The general secretary of SUPE [Union of State Petroleum Workers], Antonio Cassia, expected that "on Monday [20 August 1979] the unity between the basic trade union entities, the National Labor Committee and the Committee of 25, will be achieved because "late on Wednesday the divisions existing in the second of these groups was settled." Cassia, who headed the trade union in Mendoza Province during the earlier military government, said that the list of 15 members out of the 25 was finalized on Wednesday evening at 2100 hours but that the names were not released. However, they will be made known on Monday, said the leader who participated at the Buenos Aires meeting, and the group composed of both entities will assume the name of United Committee of the Workers Movement (CUMO). [Text] [Buenos Aires LA PRENSA in Spanish 17 Aug 79 p 6] 2662

CSO: 3010

WHEAT IMPORT DRAIN ON ECONOMY CAUSING CONCERN

La Paz PRESENCIA in Spanish 5 Aug 79 p 11

[Text] Wheat imports for domestic consumption in 1979 will result in an outflow of more than \$66 million, according to a report by Industry Undersecretary Alfredo Mercado.

Wheat consumption this year is estimated at 300,000 metric tons, the approximate equivalent of 216,000 metric tons of flour.

This year's wheat imports will represent an increase of \$6 million over those of 1978.

Wheat purchases in 1977 totaled \$31 million. This year's purchases will be double that amount.

The industry undersecretary stated that wheat imports for the production of flour for domestic consumption are growing yearly and represent a "heavy drain on foreign exchange" for the nation's economy.

He provided figures on our domestic wheat production according to which, in 1975, of the 225,695 tons of wheat consumed domestically throughout the country, 16 percent was produced domestically and the remainder imported.

This percentage was maintained until 1977, after which the percentage of domestically produced wheat began to drop, reaching 11 percent of our total domestic wheat consumption during that year.

In 1978 the drop was steeper. Domestically produced wheat supplied only 4 percent of our domestic consumption. This percentage is expected to be maintained this year.

Among the causes of the decline in domestic wheat production is the international price fluctuation. The undersecretary recalled, for example, that between 1976 and 1977 the price of wheat on the world market dropped considerably, making domestic wheat production "exceedingly expensive."

These circumstances, together with the lack of incentive, of technical cooperation and of a wheat policy, result in the country's producing not even 10 percent of its own wheat consumption.

He indicated that the orientation and budgetary documents his ministry will turn over to the incoming administration will include one on the wheat import situation.

That document will recommend a policy line for gradually reducing wheat imports through implementation of programs designed to stimulate domestic production.

He also said that his ministry, through the Directorate of Standards and Technology, has put into effect a project designed to reduce wheat imports.

This project has to do with the use of "composition soy, maize and quinoa flours" for making breads and alimentary pastes.

The undersecretary characterized as "highly successful the experimental results obtained" and to be translated into industrial processes by next year.

9238

CSO: 3010

MINING DECLINE DURING FIRST HALF OF 1979 TERMED CRITICAL

La Paz PRESENCIA in Spanish 8 Aug 79 p 10

[Text] National production of minerals during the first half of this year declined in volume, on the whole, substantiating the critical situation that confronts the national mining industry.

The Sectorial Planning Directorate of the Ministry of Mines and Metallurgy has prepared an analytical report containing 16 statistical charts.

A comparison of total mineral production figures for the first half of this year with those for the same period in 1978 presents the following aspects:

1. The only minerals showing production increases were antimony and cadmium: 16.5 percent and 21.81 percent, respectively.
2. Production of all other minerals fell in differing proportions, which are grouped under two significant headings:
  - a) Less than a 15-percent decline: This grouping includes, in increasing order of impact: silver, by 5.14 percent; wolframite, by 5.31 percent; tin, by 8.77 percent; gold, by 11.47 percent, and zinc, by 12.84 percent.
  - b) More than a 15-percent decline: Included in this grouping are those minerals whose production decline is alarming. They are: lead, by 21.2 percent; copper, by 41.66 percent, and bismuth, by 97.96 percent.

The document states that the production drop in lead and copper cannot be attributed to price drops but rather to technical and financial difficulties, such as the low metallic yields being encountered in the rock structures under development, together with the scarcity of financial resources for converting to modern technology.

In the case of bismuth, the production drop, which has paralyzed the Telamayu Refinery's operations, is entirely owing to depressed world market prices.

During the first half of 1978, production of bismuth fines totaled 265,577 kilos as compared with 5,418 kilos of fines in 1979.

Production of tin fines during the first half of last year totaled 15,201,882 kilos as compared with 13,868 kilos of fines during the first half of this year.

#### Conclusions

The analysis of the performance, during the first half of this year, of the productive factors in the mining and metallurgical sector's ores and metals production and export process draws the following conclusions:

##### a) Ore Production:

1. On the whole, there has been a drop in domestic production of ores as compared with the previous year, with the exception of antimony and cadmium.
2. With the exception of antimony, this year's Annual Operations Plan production goals have not been met.
3. The domestic minerals production levels attained this year attest a situation of paralysis and crisis.
4. Preemptive politicoeconomic measures must be adopted to revive ore production and overcome the current paralyzing crisis.

##### b) Metallic Tin Production:

1. The high-grade tin refinery's metallic tin production level was lower during the first 2 months of this year than in the same period last year, but higher beginning in March.
2. The Annual Operations Plan's goals, based on the plant's production program, have not been met.
3. The National Refinery Enterprise must implement the necessary technological changes to increase high-grade tin refining production levels in accordance with its production program.

##### c) Ore Exports:

1. The increase in value of exports has been the result exclusively of a favorable turn in world prices, especially of tin and silver.
2. Small mining enterprises contributed more to the total value of exports than medium enterprises.
3. COMIBOL [Mining Corporation of Bolivia] exported less in value than last year.

4. Small mining doubled the value of its exports.
5. Export volumes of antimony, zinc and wolframite concentrates, and of metallic antimony, increased.
6. Metallic tin and tin concentrate continue to have important significance in the export structure.
7. The official market price of tin averaged \$6.56 per pound of fines, maintaining an upward trend throughout the period.
8. The market price of bismuth continues depressed, making export of this production impossible.

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CSO: 3010

LITHIUM DEPOSITS DISCOVERED JOINTLY WITH FRENCH

La Paz PRESENCIA in Spanish 10 Aug 79 p 9

[Text] French and Bolivian researchers have discovered lithium deposits within our national boundaries, according to a report by the Executive Committee of the University of Bolivia.

In 1975--says the report--under a French-Bolivian scientific program carried out jointly by researchers of the Geodynamics and Limnology Institute, the Advanced University of San Andres [UMSA] and the Office of Overseas Scientific and Technical Research [name given in French] (ORSTROM), the ancient Bolivian lakes were studied.

Samplings from the mineral deposits found were sent to French and Bolivian laboratories to be analyzed.

The results showed a concentration of 3,000 ppm (parts per million), considered optimum in that a deposit is considered exploitable when it contains 500 ppm of metal.

In 1976, United States Geological Survey (USGS) experts arrived in Bolivia to verify, through direct field measurements, the data they had received from the Landsat satellite.

They took samplings from the Uyuni salt deposit and found lithium concentrations of 400 ppm.

Two additional deposits were found 2 months later in Pastos Grandes, which covers an area of approximately 100 square km, and in Rio Grande, whose area totals 1,000 square km.

These salt deposits were found to contain lithium in high concentrations exceeding 500 ppm and at times reaching 4,000 ppm.

The researchers observed that lithium concentrations increased in relation to those of borates, deposits of which have been known since the past century, whereas the study of the salt deposits dates back to only 1 year ago.

The results were sent to the Ministry of Mines and Metallurgy, and six USGS researchers have been carrying out a research and analysis program in the salt deposits and their surrounding rock formations since last October.

#### Tin

UMMA and ORSTROM have conducted studies of the fluvial and lacustrine deposits in the western slope of the Cordillera Oriental.

The tin lodes in this mountain range are frequently found associated with silver and tungsten.

Unfortunately--says the University of Bolivia Executive Committee's report--lode tin is being exhausted, although the existence of tin placers formed by eroded fragments of the Cordillera and accumulated by the rivers in the lower regions of the Altiplano is not being overlooked.

This year the French and Bolivian explorers will undertake exploration of the Oriental Amazonian slope, where they may find gold placers.

9238

CSO: 3010

## BRAZIL

### NEW WAGE POLICY GUIDELINES PROPOSED, COMMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Aug 79 p 32

[Text] Next week, the president of the republic is scheduled to send to the National Congress a bill on the new wage adjustment policy which is to be passed into law in order to take effect as of 1 November; according to the provisions of that bill, there will be two half-yearly adjustments referenced to the base figure for the discrepancy in each category; the calculation criterion will be the INPC (National Consumer Price Index), to be maintained by the Ministry of Labor and the IBGE [Brazilian Institute of Geography and Statistics] in 14 capitals. For those who make between one and three minimum wage units, the adjustment shall be 110 percent of the INPC; for those who make between four and ten minimum wage units, it shall be 100 percent of the index, for those between eleven and twenty wage units, it will be 80 percent of the index and for those earning 21 minimum wage units and up it will be only 50 percent of the index. The bill provides that, on the occasion of the definition of the real wage increase, to be discussed once a year, likewise with reference to the category base figure, there shall be applied the annual rate of the INPC for that particular interval, plus the increase in productivity observed in the category involved, so that the necessary adjustments may then be made.

The practical formula for implementing the real wage increase shall be arrived at by agreement or judicial ruling, permitting the labor court once again to perform functions relating to the issue of standards in the matter of wages. The bill provides that, in addition to the fact that the adjustments shall be half-yearly, starting as of 1 January 1981, the government shall be able to alter the frequency, increasing it for one year or restricting it for the quarter, with a view to an evaluation of the implementation of this measure during the course of 1980.

In its next-to-the-last article, the bill proposes the total repeal of Law No 6.147, dated 29 November 1974, instituting the wage adjustment formula now in force; hereafter, the wage shall be so calculated as to correspond, in terms of currency for the readjustment months, to the average real wage for the past 12 months, multiplied by three coefficients: The one pertaining to half of the anticipated inflationary residue; the one for the

productivity increase; and the one corresponding to the underestimation of half of the inflationary residue.

#### Proposal Calls for Income Distribution

Here is the official note from the CDE [Economic Development Council]: Today's CDE meeting was devoted to a discussion of the proposal of labor minister Murillo Macedo and minister Delfim Netto, chief of SEPLAN [Planning Secretariat], regarding the institution of a new wage policy for the country.

The proposal, which was approved with regard to its basic philosophy by President Joao Figueiredo, is based on three fundamental principles:

- (I) The need for simplifying the mechanisms for the compensation of wage value loss due to inflation;
- (II) The suitability of distinguishing between the correction of the value of wages and their real increase;
- (III) The possibility of, simultaneously with a change in wage policy, adopting new formulas capable of contributing to an improvement of income distribution among the various groups of wage earners.

The simplification of the mechanisms will be achieved through automatic wage corrections designed to compensate for the effects of inflation. The intervals will be half-yearly but may be decreased or increased in accordance with the need for speeding the corrections up or slowing them down.

In the version of the bill to be sent to the National Congress, compensation for the loss of wage value will be made through the INPC, with the pertinent survey to be handled by the IBGE, based on data obtained in the principal capitals of Brazil. The information thus collected will be weighted to prevent any possible distortion. We will also avoid the application, on a national scale, of indexes surveyed on the basis of data dealing with only one city.

The increase in real wages, to be discussed once a year, on the occasion of the category base data, will be referenced to the productivity increase observed in the category involved. The practical formula for making the real increase in wages will involve agreement, accord, or judicial ruling. In this way, the labor courts will again have the functions of issuing standards on matters pertaining to wages.

#### Differentiated Corrections

President Joao Figueiredo also approved the basic principle of establishing differentiated wage correction factors so as essentially to benefit the lower-income groups. That benefit will be independent of real wage increases based on productivity and applicable to all income levels.

Thus, the wages of workers who make up to three minimum wage units will be adjusted half-yearly in terms of value above the level of the INPC index.

For white-collar employees with salaries between three and ten minimum wage units, the same formula as for the spread of up to three minimum wage units will be applied. A correction equal to the INPC will be applied to the value in excess of three minimum wage units.

Salaries above ten minimum wage units will be corrected, up to that level, in the manner provided for the spread between one and three minimum wage units (above the index) and from three to ten minimum wage units (equal to the index). From ten minimum wage units onward, there will be steps in which the correction percentage will be less than the INPC so as to reduce the gap observed today between the bottom and the top of the wage pyramid.

But in all cases, the increase, calculated as a function of [worker] category productivity, will be added to the value obtained on the basis of the formula.

The new method will imply the repeal of Law No 6.147.

Wage Steps	Number of Employees	% of Employees	Cumulative %	% Appropriate Wage Income	Cumulative %
Up to 3 MSM	15,596,935	75.58	75.58	38.99	38.99
3-10 MSM	4,152,028	20.12	95.70	34.29	73.28
10-20 MSM	641,789	3.11	98.81	15.73	89.01
Above 20 MSM	249,699	1.19	100.00	10.99	100.00

Source: RAIS [expansion unknown] 1977, projected for 1978; MSM [average minimum wage unit?].

#### Labor Unions View Wage Policy With Suspicion

The presidents of SINDIPETROS [Petroleum Workers Union] of Campinas and Paulinia, of Cubatao, of Porto Alegre, and of Bahia were unanimous yesterday in considering the wage policy drafted by the CDE as a measure that is worthy of distrust on the part of all Brazilians. They commented to the effect that a wage based on the cost of living, announced by the administration, must not be taken seriously because, as Jaco Bittar, president of the first of these labor unions above, said, "the man who manipulated the statistics in 1973, Antonio Delfim Netto, is back."

For Bittar and Pedro Sampaio (the latter being president of SINDIPETRO of Cubatao), "the wage adjustment every six months, arbitrated by the administration, does not signify progress for the working classes." "A real gain," said Sampaio, "would be direct negotiations, without indexes or government interference. The fact is that the administration only changed the surface and did not alter anything fundamental; the fundamental thing

would be to allow direct negotiations without government involvement, through legislation as such."

Bittar affirmed that the struggle aimed purely at labor demand must not be the main objective of the workers because the important thing is political and community participation. "Through that participation," said the Campinas and Paulinia SINDIPETRO president, "the worker will win the right to labor demand victories which will come quite naturally."

Goncalo Santos de Melo, president of the Bahia SINDIPETRO, stated that the administration should--in its search for new wage formulas--take effective steps against the high cost of living.

Porto Alegre SINDIPETRO president Mauro Chaves Costa, agreeing with the first three officials mentioned, recalled that "Delfim Netto was responsible for the manipulation of inflation indexes during the Costa e Silva administration, which is why we cannot trust a policy based on a cost-of-living survey conducted by the administration in which Delfim is a superminister."

The four labor union leaders also agreed on another point and that is that half-yearly adjustments could somewhat slow down the labor demand struggle, above all in labor unions with less bargaining power, whose members still are not accustomed to direct negotiations and never had any wage hikes beyond the indexes determined by the administration.

Will The Dialogue Be Resumed

(By Itaboraí Martins)

Although it is not ideal, in terms of moving on toward a better income distribution in Brazil, what is now emerging in the field of wage policy is a resumption of a trilateral understanding--between the administration, the employees, and the employers--which was interrupted in 1968. Quite by "coincidence," 1968 also was the year (13 December, to be exact) when AI-5 [Institutional Act No 5] was issued; after AI-5 there was no longer any understanding in Brazil and talks were replaced with orders, decisions handed down from top to bottom, decisions that were not always correct and that were almost always in conflict and sometimes even regrettable.

In the light of the fact, the country is beginning to become concerned with a new phenomenon: Democracy. Political amnesty, return of individuals whose mandates had been taken away and who are now being integrated into the Brazilian community again--all of this is a reflection of this beginning of democratic life.

The bitter strikes in civil engineering construction in Minas Gerais, Porto Alegre, and even the then still placid Brasilia (which experienced only one or another minor "mass" demonstration before 1964) indicate that labor union officials were easily outdistanced whereas society's worst-paid

strata at that time displayed a concern only with the minimum subsistence level.

In summary, what they are trying to change now is not Brazilian labor unionism which is so full of vices; there is talk of altering only wage policy and that is a positive fact, but a lesser one also.

Leaving aside any other implications, our attention is attracted to one event: The month of May 1968. Just eleven years ago, the Brazilian government, for the last time and in an official manner, tried its hand at democratization with respect to wages, summoning the parties for a joint debate.

Through Decree 3226 issued by Jarbas Passarinho, who was minister of labor at that time, on 31 May 1968, the administration summoned employers and employees, through their leaders, as well as the Superior Labor Court (the latter being advised by the executive branch itself) to discuss a proposal for a new wage policy.

After the deadline had run out, the tripartite commission, on 30 June, proposed that the wage adjustment be made automatic, provided the rate of inflation exceeded 8 percent. The average cost of living was to be determined by regions--and not only in Rio de Janeiro--and the government was given authority to fix the adjustments.

As we know, a wage adjustment means a return to the "status" prior to the determined level of inflation; an increase means a gain, a sum, a kind of growth; it must not be confused with restoration, readjustment, deriving from inflation.

Well, now: The tripartite commission eleven years ago recommended that the wage increase be the subject of collective negotiations, based on the increase in the national, sector, or enterprise productivity rate. Another suggestion was to the effect that the adjustment should be authorized in terms of prices paid by the consumer, an authorization which would not come about as a result of the increase, to be absorbed by the enterprise.

On that same occasion, as a corollary to a new wage policy, the leader of the bank employee union at that time, Ruy Brito Pedrosa, proposed the creation of the National Accounting Plan (along the lines of the one existing in France and Argentina) so that the parties might discuss on the basis of certain figures and realistic facts and so that the government might have ways of better supervising matters pertaining to the public treasury.

Everything was going well; then came 13 December 1968 with AI-5. The plans were filed away in the rear of the file cabinet drawers from which they now seem to have emerged in an atmosphere which--God willing--will at last be an atmosphere of democracy.

## Macedo Explains Change in Study

If the bill of the executive branch, changing wage policy, were to be approved by the National Congress in the form in which it is being sent out, on 1 November, all workers throughout Brazil, who had their basic wage adjustment dates between 1 November 1978 and 1 May 1979, would have an automatic adjustment worth 22 percent.

That information plus the detailed explanation of the bill drafted by the executive branch was supplied yesterday at 2100 by labor minister Murillo Macedo. The figure of 22 percent was calculated and projected on the basis of the average official adjustments from November 1978 until November 1979, divided by two. That value can be increased or decreased, in the next adjustment for each category, right now on the basis of the INPC of the IBGE which will be the foundation for the calculations as of the month of November.

Workers whose occupational categories had their last adjustment in June 1979 will get the benefit of two adjustments in November, one amounting to 22 percent at the start of November and the other one amounting to 12 parts of the INPC calculated for the year running from October 1978 until October 1979. Workers who had their base date during the following months will have their wages adjusted in accordance with the INPC, calculated by the IBGE for the last six months.

Minister Murillo Macedo had the bill in his hands but did not wish to release it, arguing that certain details remained to be corrected. In an effort to clarify this aspect of the law which deals with adjustments to be made right after its passage, he agreed to divulge the following two articles:

"Article 11. Employees who constitute occupational categories whose base dates fell between the months of November 1978 and May 1979, shall have their wages corrected on the date this law takes effect, to the extent of 22 percent of the wage in force at the base date, compensating for the increases that were granted, in accordance with Article 8 of this law.

"Single paragraph. Wages resulting from the correction referred to in the "heading" of this article shall serve as basis for the new correction to be handled on the base date.

"Article 12. Employees in occupational categories whose base date came in November shall, after correction in the manner prescribed in the preceding article, have their wages corrected once again with a percentage equivalent to the factor relative to the month of October 1979 which shall be published by the end of the month of November 1979."

The adjustments may be calculated in the following manner: Workers who make up to three minimum wage units shall, every six months, have wage adjustments, using an index of 1.1, multiplied by the INPC of that period of time. Those who make between one and ten minimum wage units shall make up their wages in two portions: Three minimum wage units shall have the index of 1.1, multiplied by the INPC, and the other wage units shall be based on the index of 1, multiplied by the INPC.

Workers who make up to 20 minimum wage units shall have their wage hikes made up in three parts: Three wage units with readjustments at the index of 1.1; seven wage units with readjustments at the index of 1; and the remaining wage units at the index of 0.8. Workers who make more than 20 minimum wage units shall break their wages down into four parts: Three wage units shall be based on the index of 1.1; seven shall be based on the index of 1; ten wage units shall be based on the index of 0.8 and the remaining wage units, in excess of 20 wage units, shall have the index of 0.5.

For example, a worker who makes 25 minimum wage units, at the end of the period of six months from the base date for his occupational category, shall have the following adjustment if we consider, for instance, the INPC to be 20 percent during that period of time:

Three minimum wage units:  $20 \times 1.1$  [at] 22 percent,  $22 \times \text{Cr\$}$  [cruzeiros] 2,268.00 [giving us] 498.96;

$\text{Cr\$}498.96 \times 3 \text{ SM}$  [minimum wage units],  $\text{Cr\$}1,496.80$ ;

Seven minimum wage units:  $20 \times 1-20$  percent,  $20\% \times \text{Cr\$}2,268.00$ — $\text{Cr\$}453.60$ ;

$\text{Cr\$}453.60 \times 7 \text{ SM}$ — $\text{Cr\$}3,175.20$ ;

Ten minimum wage units:  $20 \times 0.8-16$  percent;  $16\% \times \text{Cr\$}2,268.00$ — $\text{Cr\$}362.88$ ;

$\text{Cr\$}362.88 \times 10 \text{ SM}$ — $\text{Cr\$}3,628.80$ ;

Five minimum wage units:  $20 \times 0.5-10$  percent;  $10\% \times \text{Cr\$}2,268.00$ — $\text{Cr\$}226.80$ ;;

$\text{Cr\$}226.80 \times 5 \text{ SM}$ — $\text{Cr\$}1,134.00$ . His adjustment therefore will carry a value of  $\text{Cr\$}1,496.80 + \text{Cr\$}3,175.20 + 3,628.80 + \text{Cr\$}1,134.00 = \text{Cr\$}9,434.80$ .

According to the explanation given by minister Murillo Macedo, this was the formula developed so that there would be no hitch in figuring the wages. Since the basic idea was to provide differentiated adjustments to benefit those who were making less, if the wage were not to deteriorate

with the passage of time, those who would be at the borderline of one index would find themselves bypassed by those at the borderline of the immediately lower index.

The minister made it clear that the bill calls for adjustments to be automatic and that these adjustments can be claimed by every worker, individually, or through his union, in his name. In other words, if a worker is hired today by an enterprise whose job category base date would come within three months, he would have an adjustment equivalent to 3/12 of the INPC.

The bill also provides that the real wage increase be decided upon through direct negotiations between employers and workers based on sector productivity. Negotiations will be annual and will take place on the base date, with those already fixed for each job category prevailing. If there is no agreement between the parties, disagreement shall be established and the labor court, which once again will have standard-issuing authority, will determine the productivity index to be applied in the sector. The bill provides that this productivity index can be differentiated in accordance with the wage steps and with the capacity and size of the various enterprises in the sector. Some enterprises may even be exempt from having to grant these increases if it has been proven that there was no productivity increase there. The real wage increase, based on productivity, cannot be passed on to the product price, except with permission of the CIP [Interministerial Price Council].

In collective bargaining negotiations, workers whose adjustments were less than the INPC during the year, will not be entitled to that difference. According to minister Murillo Macedo, that difference expresses the spirit of the law which is to accomplish income redistribution through wage redistribution. But one cannot prevent those workers, who make more than ten minimum wage units and who will have their wages adjusted with smaller INPC figures, from winding up with greater wage increases.

"Those workers will be subjected to the law of the market," said Murillo Macedo, emphasizing however that the liberal increases granted by the enterprises cannot be passed on to the cost of the product.

To determine the effectiveness of the formula proposed as a means of redistributing wages and modifying the current wage pyramid, "which had become too lopsided in recent years, due to the high growth rates and the need for paying skilled and scarce manpower much better wages," the labor minister presented the following projections: The real value of the minimum wage would go up 36.4 percent; the value of ten minimum wage units would be increased in real terms by 26 percent; the real value of 20 minimum wage units would be increased by 11.5 percent; and the real value of 30 minimum wage units would go up 1.7 percent.

Those real increases would represent a payroll increase of 1.67 percent. In other words, in addition to the wage redistribution, there would be a real increase in the value of the payroll [pay envelope?] on the order of 1.67 percent.

According to studies conducted by the ministry of labor, the difference in the wages of workers who are at the top and at the bottom of the wage pyramid today is 20:1, whereas in any country with an advanced economy that ratio is 7:1 or 8:1. With the adoption of that wage policy, the ratio which today is between 1 and 20 minimum wage units, will by 1984 be reduced to 1 and 16.4 minimum wage units. The ratio existing today between 1 and 30 minimum units will be reduced to 1 and 21.6 minimum wage units.

These calculations were made in ideal terms without considering the rise in top salaries since, on the market, not even the job-hopping process, which can take place among low-income workers, could help distribute the benefits of the current policy in this fashion.

Regarding the high rate of job-hopping, which could harm the good intentions of the bill, since the employer could fire the worker immediately after the wage adjustment and hire another worker at a lower wage, minister Murillo Macedo said: "If the objective of the administration is to reduce wage differences through wage redistribution, then it is clear that we are not going to allow this sort of thing to happen."

The minister also said that this modification in wage policy is only a first step. Others will be taken. Job security, worker profit-sharing, and the regulations for the Strike Law will have to be the following steps.

Today, wages represent 65 percent of the national income. Questioned as to whether the administration might not be trying also to touch capital and, through it, accomplish income redistribution, Murillo Macedo said once again that the modification of wage policy was a first step. "This was somehow placed under my ministry. The redistribution of the remaining 35 percent of the national income is not in my bailiwick."

The labor minister believes that, as a result of the passage of this bill, which should be rushed through the National Congress, the volume of strikes will be reduced:

"There are various motivations and claims involved in those strikes. It is clear that those strikes whose main demand involves wage adjustments will stop. But there are also those strikes whose motives are political and ideological."

Another important detail concerning the administration bill deals with the wage advances and bonuses already given by various enterprises since November 1978. They will have to be discounted in the next adjustment schedule in the bill.

Federal, state, and city officials are not included among the beneficiaries of this bill. Workers in mixed-management enterprises and public service contractors, connected with the CNPC (National Wage Policy Council), likewise are not covered. In his capacity as chairman of the CNPC, minister Murillo Macedo said however that there will be a tendency to go along with the same policy adopted for the other workers who are governed by the Consolidation of Labor Laws.

5058

CSO: 3001

## BRAZIL

### NEW TANK, MILITARY TRAINING AIRCRAFT MANUFACTURED BY ENGESA, EMBRAER

#### New Battle Tank

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Aug 79 p 7

[Text] Brazil is producing the best wheeled armored fighting vehicle of the world, the Sucuri EE-17, weighing 18 tons, manufactured in Sao Paulo, with Brazilian technology developed by ENGESA (Specialized Engineers Corporation). The vehicle carries a 105-mm gun, with accuracy up to 3,000 m, capable of destroying any known type of armor; one "Coaxial NATO 7.62-mm" machine gun plus sophisticated electronic accessories, such as the laser telemeter or night vision system. All of this is mounted on a single-unit structure, with bimetallic steel plate, powered by a Detroit-Diesel engine with 300 hp (six cylinders, 5,212 cc), giving the vehicle extreme mobility. The Sucuri actually has a range of 600 km and can maintain a cruising speed of 120 km/hr.

#### First Models

The first regular-series models will be supplied to the Ministry of the Army which has not yet indicated the total contract volume but production enterprise managers believe that "there are good prospects of success" in selling the model on the market. On an international scale, the EE-17 faces only one competitor, the AMX-10, of France, launched this year; compared to the Brazilian version however the French model represents the disadvantage of having the control mechanism similar to that of tracked armored vehicles (where any changes in direction are the result of the difference in the speed of the wheels on the two sides which remain lined up even in curves), thus considerably reducing the handling efficiency although this results in a very good, low, and slim profile. In its basic configuration for a four-man crew, the Sucuri costs about \$600,000 and, as standard equipment, it features the articulated boomerang suspension to clear obstacles of 600 mm, ramps of 65% or lateral inclinations of 30% on the ground.

## Origin

The EE-17 came up as a result of the discovery that the three basic requirements in battletanks—armor, fire power, and mobility—are rarely offered together in one tank. ENGESA—which already produces the "Cascavel EE-9," the Urutu EE-11, and the little Jararaca EE-3—then decided to combine these factors into a single system. The program was launched in 1975, practically at the same time when a corporation in France began to work on project 10 under the control of AMX. According to the specialists, the "fundamental idea was that theaters of operation in regions with low population density, primarily in the desert, call for combat vehicles which, in addition to heavy armament, can move at fast speeds."

The wheeled units offer the advantage of mobility as compared to the tracked units. For example, in the desert, the tracked models present an extraordinary problem which deals with the abrasion caused by the sand on tracks and bogies. The advantage of using tanks on wheels thus becomes obvious in desert areas. Until a short time ago, however, there was no single model that would offer great fire power. The reasons are simple: Large-caliber guns are heavy, they generally cause a violent recoil when fired, thus calling for mass and stability in the vehicles which must be sufficiently dimensioned to absorb the shocks. This is exactly what happened in the case of the Sucuri."

## Secret

The secret involved in the production of the EE-17, according to engineers, "is the secret of punchinello," referring to the method adopted by ENGESA, which extensively makes use of standard available components, "even going to outfits that sell second-hand commercial trucks." Thus, gears, brakes, tires, bullet-proof fuel tanks, and all or almost all of the items for the mechanical section are furnished through a network of organizations connected with auto parts supply for the auto industry, giving the user logistic independence on the order of 70% of the specific weight. A typical case is the steering mechanism which is strictly equal to the mechanism used in a truck; that eliminates the need for special driver training. The armor plating however was developed by ENGESA itself and is made of welded sheets of a special composition, different from each other, with the outside crosssection much harder than the inside section.

The frontal parts have a thickness of 16 mm (capable of providing total safety against fire from 12.7-mm weapons even when fired point-blank or at a direct impact angle). On the sides and in the rear, the thickness does not exceed 8 mm to stop 7.62-mm machine gun bullets. The profiles follow a design which absorbs ordinary bursts and attempts at attack with incendiary bombs are prevented by the automatic fire-fighting system.

There is insulation against gases and the optional laser telemetry equipment increases the performance up to a minimum index of 2.2% margin of error. Parallel to that, the boomerang suspension is standard with double axles, automatic locking devices and oscillation bar with helicoidal gears; this permits the Sucuri to be used in operations in almost any kind of terrain. Sturdy and easily handled, the EE-17 is being rated as a "tank destroyer," a mission which has a "wide margin of opportunity," according to an officer from the War Material Department, for whom "the tank, although expressing a new idea, must exceed expectations, particularly when used in an adequate tactical context. For example, in blocking heavy enemy lines."

Other officers, specializing in armored operations, believe that the Sucuri is "a real gun mounted on a motor vehicle," recalling that, under the conditions encountered "in our possible South American theaters," a powerful weapon capable of moving at 120 km/hr, under all-weather and all-terrain conditions, practically "blazing its own trail," can determine the outcome of a conflict.

#### Two New Aircraft Projects

Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Aug 79 p 13

[Text] Sao Paulo. EMBRAER [Brazilian Aeronautics Company] is developing two new projects—a military training aircraft (T-27) and the 30-seat EMB-120—and has great expectations concerning the Xingu, an executive aircraft with pressurized cabin. In addition to this, the company is seeking a replacement for the Xavante, an aircraft for military use.

Concerning the new 30-seat aircraft, the manager and superintendent of EMBRAER, engineer Ozires Silva, expressed the belief that it will be as successful as the Bandeirante, "since the successful businessman goes with what he knows." With this airplane, EMBRAER will try to get a slice of the international market—that is, regional aviation—as it grows.

#### Prospects

"An aircraft that can give us more advantages in the future." This is how Mr Ozires Silva described the EMB-120 which will be christened the Araguaia, a name modified because of the difficulty the Americans are having in pronouncing it. But although it has already been selected, the new name has not yet been disclosed. "It is protected by copyright but we will release the name only at the right time," said Ozires Silva.

The EMB-120 is being developed by EMBRAER and will be a twin-engine turbo-prop craft, capable of three hops of 180 km, each, without en-route refuelling, with a speed of 510 km/hr. "With this aircraft we are going to try to make sure that we can be as successful as we were with the Bandeirante," said Ozires Silva.

The success of the Bandeirante abroad was noted most recently at the Le Bourget Air Show near Paris when 26 planes were sold, as well as by the growing export figures which this year already attained the target of \$50 million, twelve million more than last year, primarily due to this aircraft.

#### Diversification

Engineer Ozires Silva says that "today there is a striking difference as compared to the time when we started the enterprise. In the beginning, nobody believed in us and therefore there was no discussion as to what we were doing. Today however everybody says that EMBRAER has a great outlook and this is why everybody discusses what we should do with much greater intensity. In the old days we were extremely free from that viewpoint when it came to carrying our own projects."

Engineer Ozires Silva made these statements in discussing the EMB-120 and also in touching on the company's diversification projects which, as he confirmed, really do exist. "We are already thinking in terms of aeronautical electronics and rockets but those are only assumptions pertaining to diversification," he adds. But he assured us that the enterprise basically is not interested in the production of hovercrafts "since that product does not excite us in the least from the market viewpoint and, besides, the company wants to make sure that it does not lose any money."

Ozires Silva added that EMBRAER "is going after a replacement for the Xavante but it is also necessary for the FAB [Brazilian Air Force] to display interest in that replacement since that is basically a national market." He also said that "if the Ministry of Aeronautics were to decide that the Mirage could be assembled in Brazil, then EMBRAER will handle that job." But he is personally opposed to that "because the Mirage is very expensive."

Regarding the presence of EMBRAER on the heavy aircraft market, Ozires Silva replied with a rather ironical remark: "I went to Canada for a conference and they asked me exactly the same question to which I replied that Boeing can rest easy because we are not interested in getting into that area."

#### Agriculture

Engineer Ozires Silva said that the decline in sales of the Ipanema airplane is due to the fact that Brazilian agriculture is vulnerable. "The aircraft cannot perform miracles where there are none; the situation of Brazilian agriculture is lamentable and how can you sell expensive equipment there even though it may be useful?"

Even so, Ozires Silva thinks that the Ipanema aircraft has already been successful because in 1970 the country had only 40 aircraft of that type,

a number which grew to 400 in 1979, most of them of the Ipanema model; according to the EMBRAER manager, "agriculture is reacting slowly to our appeals. But it will react, I have no doubt about that."

#### Aircraft Name Changed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 79 p 56

[Text] The "Araguaia," the principal project of EMBRAER--a pressurized aircraft with a capacity for 30 passengers, a speed of 510 km/hr, to be operational in 1984--will have to change its name in view of the growing international interest in Brazilian aircraft and the difficulty foreigners have in pronouncing that word (which is of Tupi origin). In addition to this project, which is already being started up, EMBRAER--which today celebrates 10 years of operation--might at any moment activate two other projects which are considered important and strategic and which so far are known only as AX and CX. The first of these will be a military, advanced-design jet aircraft (of the Phantom or Mirage type) and the CX will be a medium transport aircraft capable of carrying up to 50 fully equipped soldiers or paratroopers.

For the time being, the "Araguaia" is only called the EMB-120. The change is due to the success of another aircraft produced by EMBRAER on the international market, primarily in the United States, that is, the Bandeirante. This persuaded EMBRAER president Oziures Silva to see to it that the new model will also be widely accepted abroad where the word "Araguaia" perhaps might not be easily pronounced. The new aircraft now being developed by EMBRAER will have a greater endurance than the Bandeirante and can make three hops of 180 km, each, without refuelling. In view of the current energy crisis, EMBRAER managers are absolutely sure of its success on the international market, as happened already in the case of the Bandeirante.

#### Crisis--A Big Help

It was precisely the 1973 oil crisis which gave EMBRAER the chance to expand and to achieve an output much greater than planned initially. According to the plans drafted when it was established, EMBRAER today should cover a built-up area of 16,000 m<sup>2</sup>, 1,500 employees, and a production line confined to the manufacture of two Bandeirante aircraft per month. But the energy crisis took commercial aviation in the United States by surprise, making the sophisticated jets, which were being used at that time on regional flights, uneconomical. Between flying an obsolete aircraft, reconditioned, practically taken from the "junkyard," and with the premature deactivation of small jets, the United States consumer easily opted for the Bandeirante.

EMBRAER therefore today has 1,700 stockholders, 4,300 skilled workers, a built-up area of 120,000 m<sup>2</sup>, an authorized company capital of 2 billion

cruzeiros, an annual business volume amounting to the same figure and prospects of closing this year's balance sheet with exports amounting to around \$500 million. Its assembly lines each year turn out 400 aircraft of eleven different types, or one Bandeirante every five days. There are fifteen countries on the five continents that use this aircraft, the company "workhorse" which, according to initial planning, was to go out of production this year. But now, EMBRAER is trying to replace it only in 1984 when the EMB-120 comes out. Perhaps it will not be replaced even then.

According to Ozires Silva, EMBRAER is today the world's sixth-ranking civil aviation enterprise as a result of the impetus it received from the 1973 energy crisis; it is also the biggest producer of aircraft in the West, apart from the United States, in the area of general aviation, that is, aircraft with between four and ten seats. Among the Bandeirante aircraft produced so far, 60 are serving with the FAB, 45 are being used by Brazilian regional companies, and the rest are in use abroad, from the Fiji Islands, in New Guinea, all the way to Gabon and Ivory Coast, not including France, Great Britain, and the United States. This week, the FAB ordered another 12 aircraft.

"Our entire Bandeirante output is practically sold on the international market," says Ozires Silva, recalling that this is happening in spite of the fact that the enterprise was established "primarily on the basis of the idealism of some air force technicians and Brazilian businessmen," including Julio de Mesquita Filho, in whose home the first contact were established among businessmen for the formation of EMBRAER.

#### Safety

Last year, the five domestic enterprises that use the Bandeirante aircraft, linking 200 cities, offered a total of more than one million available seats, until 1 January 1979 flying approximately 200,000 hours. In the meantime we have become accustomed in Brazil also to questioning the quality and safety of this twin-engine, turboprop, 19-seat aircraft due to the six accidents that have occurred so far.

But Ozires Silva has a rather ironic observation to make on that point. Although somewhat bitter, he argues that "Brazilians are especially concerned with accidents involving the Bandeirante. In the United States, they have an average of four airplane crashes per month and all of those airplanes are made by United States companies but they do not make that much noise about this sort of thing."

In the United States, for example, the question of safety in the Bandeirante is not even discussed. When the owner of Aero Commuters, a holding company in the United States regional aviation, came to Brazil to purchase 12 Bandeirante aircraft all at once (which even caused the president of EMBRAER

to gasp), for example, journalists asked him why he is so much interested in this aircraft. The answer was quite succinct: "I am a businessman and I go after profit. The Bandeirante is safe, fast, comfortable, and above all cheap." Yesterday, Ozires Silva announced at Bauru that 17 Bandeirante aircraft have already been exported to the United States this year. In 1980, the United States will get more than 25 aircraft of this type.

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CSO: 3001

## BRAZIL

### FIRST ROCKET WITH ALTITUDE CONTROL LAUNCHED SUCCESSFULLY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 79 p 3

[Text] The Barreira do Inferno Rocket Launch Center yesterday ran the first flight test of a Brazilian rocket with attitude control when, at 1200, it launched a Sonda III which reached its apogee at 250 km, which had a range of 200 km, and whose payload rose toward the sun, guided by magnetic and solar sensors. The payload of a Sonda III was also recovered for the first time; it was picked up at 1559 by the Corvette "Ipiranga," from the Third Naval District, after having been spotted by a Bandeirante P-95 of the FAB [Brazilian Air Force].

The perfect attitude control of the rocket, in other words, maintaining the predetermined attitude in space, and the recovery of the payload, according to the commander at Barreira do Inferno, Col Francisco Hennemann, give Brazil new "status" in the field of aeronautical development. Yesterday's test is one of the last phases in the construction of Sonda IV, the Brazilian rocket which will launch the first Brazilian satellite in space at an altitude of 1,500 km above the earth, in the middle of the next decade.

Those present during the launch--military and civilian officials, tourists, and the press--1,427 m away from the launch pad, only saw the flames from the rocket which rose at a speed calculated by technicians at between 8 and 10 times the speed of sound, carrying a payload of 128 kg, with a total weight of 1,525 kg. The rocket was tracked by an automatic, computer-controlled Bearn radar which also helped the recovery team in spotting the payload in the water.

Two telemetry radars were used to receive data transmitted by the payload.

The commander at Barreira do Inferno considered the operation an "absolute success" from launch until payload recovery. The physicist Oscar Sala, former president of the SBPC (Brazilian Society for Progress in Science), who was present during the test, considered the launch important for Brazilian technology because it carried the country into a "field of advanced frontier."

Brig Gen Hugo Piva, director of the IAE (Space Activities Institute), announced the expansion of the Barreira do Inferno base with a view to the expansion of the Brazilian space program. By the end of this year, Barreira do Inferno will launch several more Sonda III rockets for scientific experiments and in October, in cooperation with Germany, it will launch a "Skylark," a British rocket with a German payload intended for interstellar research, especially helium gas.

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CSO: 3001

## U.S. POSITION ON LAW OF THE SEA CONDEMNED

Santiago QUE PASA in Spanish 23-29 Aug 79 pp 6-7

[Article by Lillian Calm: "An 'Unfortunate' and 'Untimely' Statement"]

[Text] It has been reported that the recent statement by the American Government confirming the fact that it will respect only a 3-mile maritime limit (a statement labeled by Foreign Minister Cubillos as "unfortunate" and "untimely") came from the Pentagon. This explains why it would even have come as a surprise to American delegates now in New York attending the UN Conference on the Law of the Sea. It also explains why there has been a return to the style of imposed decisions, breaking with the dialog approach supported by Carter and returning to the big stick that characterized American policy decades ago.

However, a more thorough analysis leads one to the conclusion that it is not a question of a capricious position aimed only at imposing the will of the United States on the countries making up the system of the South Pacific (Chile, Peru, Ecuador, and for the past few days, Colombia), but rather, on the majority of the international community. While the latter is not situated in the South Pacific, it has taken up the principle of 200 nautical miles as an exclusive economic zone backed by that system. (The principle refers to the exercising of maritime sovereignty over 200 miles, aimed at defending resources contained in the zone.)

## Strategic Purpose

As a decision emanating from the Pentagon (American Defense Department), one can see that the measure has a very specific strategic purpose. For the great powers, closed seas constitute a serious problem because these powers want their fleets, spread out over the seas of the world, to be able to move about unimpeded, to the most remote areas. It is easy to conclude that the United States, in confirming what it has always maintained -- but at a time when the issue is being aired in one of the highest ad hoc organizations -- is only trying to safeguard its nearly total freedom to sail in all waters and, logically enough, in certain seas now classified as conflict-ridden: the Persian Gulf, the China Sea (and others, for example).

While this may well be the basic reason for the American position, one must consider another more formal in nature: It may constitute a form of pressure being brought to bear by a certain sector in the United States in order to arrive at an agreement at the Law of the Seas Conference, whose deliberations have moved very slowly (the eighth series of sessions is coming to a close). Another American sector would prefer no agreement and the continuation of a virtual law of the jungle, which maintenance of the obsolete 3-mile limit now constitutes). (Its origin dates from the 16th, 17th and 18th centuries, when 3 miles was the range of a cannon ball!) One must also remember that important economic interests are at stake because the Americans want to work the resources of the ocean floor, with its nodules of manganese, oil, and so on.

At any rate, the authors of the American statement -- officially issued -- are unconcerned about the position of over 150 nations belonging to the United Nations and other countries that are not members (Switzerland and the Vatican) which have adopted a consensus on the 200-mile limit as an exclusive economic zone, a position backed by the South Pacific system. Which countries are the pioneers? Chile, Peru and Ecuador joined together on 18 August 1952 (exactly 27 years ago) to sign the Santiago Declaration or the Declaration on Maritime Limits. It was signed by representatives Julio Ruiz Bourgeois (Chile), Jorge Fernandez Salazar (Ecuador) and Alberto Ulloa (Peru). The presidents were Gabriel Gonzalez Videla, Galo Plaza and Jose Luis Bustamante y Rivero.

#### Effectiveness of System

The system set up a commission, whose headquarters rotate (for a renewable period of 2 years) between the member nations. From 1974 to 1978, the headquarters were in Chile and were moved to Lima in 1978. Today the secretary general of the Permanent Commission of the South Pacific is Peruvian Ambassador Juan Miguel Bakula, the former outstanding official of Torre Tagle, who was accredited in Chile in the 1960's.

The joining of Colombia, which took place in Quito at the time when the transfer of power was carried out in that country, is of far-reaching importance. Like Chile, it maintains the position of the 200-mile patrimonial limit (differing from the 200-mile territorial limit).

Chile, Peru, Ecuador and Colombia are ready to defend their positions and this has been easily demonstrated. On Friday of last week, following the unusual American statement, Minister Hernan Cubillos sent messages to the three other foreign ministers and to Ambassador Bakula, suggesting that the countries belonging to the system should issue a joint statement expressing their disagreement and reserving their rights in the face of American policy on the matter. Minister Cubillos added: "...not only because it fails to recognize the validity of jurisdictional claims on which progress on the modern law of the sea is based and which find their highest expression in the 1952 Santiago Declaration on the 200-mile maritime boundary, but also because it is a dangerous precedent and could be considered as an instrument of pressure in the negotiations now underway at the UN Law of the Seas Conference."

On that same Friday, Santiago already knew that the response of the three other countries backed the Chilean suggestion and on Saturday (coincidentally the anniversary of the Santiago Declaration), a joint statement was issued, pointing up the effectiveness of this organization of integration that now brings countries in the South Pacific together.

In the meantime, the American 3-mile position undoubtedly constitutes an isolated strategy. One might say that it is a position without great strength (unless there is indeed a return of the big stick). It is a throwback to former centuries and not in keeping with the modern conceptions that any developed country should have. Minister Cubillos emphatically stated: "It is universally known that the standard of the 3-mile territorial waters is obsolete and has been abandoned by the great majority of nations, whatever their ideology or level of development. This causes us to think that there will soon be a prompt reaction on the part of higher circles in Washington."

That reaction is already brewing, although it would appear that a deal is in the making. Jill Schuker, spokesman for the secretary of state, admitted that the United States could accept 12-mile territorial waters as part of an overall agreement at the Law of the Seas Conference. She stated textually that this "depends on the acceptance by other nations of other provisions in the current text of the Law of the Seas, provisions specifically referring to freedom of navigation and flight, transit through straits and limitations on the coastal nation's right to exercise jurisdiction over fishing, navigation and scientific research."

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CSO: 3010

U.S. POSITION ON 3-MILE LIMIT CRITICIZED

Santiago ERCILLA in Spanish 22 Aug 79 pp 23-24

[Text] On the brink of the final round, an unexpected blow by the United States has shrouded the results of the current UN Conference on the Law of the Sea in doubt.

The blow, which many experts believe to be motivated by bad faith, was struck by Tom Reston, spokesman for Secretary of State Cyrus Vance, in Quito for the presidential inauguration of Jaime Roldos. The official stated with great certainty that his country had decided to maintain the policy of the 3-mile territorial waters until the conclusion of the negotiations of the conference, whose second round of sessions comes to a close in New York this Thursday.

The surprise stems from the fact that a general consensus had already been reached on a 12-mile zone, with respect to which coastal nations have the same rights as over their own territory. This is the position that Chile also defends, in addition to promoting the defense of the 200-mile economic limit.

The United States' decision therefore looks like a step backward. There are few nations which maintain territorial jurisdiction throughout the economic area -- Peru and Brazil are among them -- but there are also very few which wish to maintain the old 3-mile limit.

It is precisely this obsolete notion of international law that Washington has dusted off, without worrying about the fact that its application might lead to the collapse of the balance between the nations in the world.

Irate Responses

In this connection, many countries have already demonstrated their willingness to take the most extreme measures in defense of their maritime sovereignty. One more example of this is the case of the "Pueblo," an American spyship captured by North Korea in 1968, a bitter pill to swallow whose taste the United States now seems to have forgotten.

In the meantime, other stories have emerged from the White House confirming the statement made in Quito. One of them points out that the United States' warships would even penetrate the 12-mile limit of Libya, Burma and Argentina, but not of China or the Soviet Union, "at least until the end of the year."

The spokesman for Cyrus Vance was more moderate in pointing out that "our ships are not going to challenge the navies of other nations or cause any conflicts."

The response of several governments has been irate and categorical. Argentina, one of the unwitting candidates for violation of its waters, expressed its amazement while at the same time reiterating its defense of the 12 miles:

"With respect to the 12 miles," the Casa Rosada [Executive Mansion] stated, "our country exercises full sovereignty over the waters, air space, ocean floor and subsoil, with the sole limitation of the right to pass for ships from third countries."

The Ecuadorean Chamber of Representatives expressed the same position, defining the American position as an "arrogant and intimidating attitude." The legislators asked President Roldos for firmness and suggested that the navy be placed on alert "in order not to allow violations of our sovereignty."

The Brazilian Government was equally explicit and Colombia took advantage of the meeting of foreign ministers in Quito to back the maritime defense initiative represented by Chile, Peru and Ecuador through the Permanent Commission of the South Pacific.

On Friday, Cubillos proposed that the members of the Permanent Commission of the South Pacific formulate a joint statement expressing the indignation caused by the recent instructions given by the United States.

Another source, international law professor Rodrigo Diaz Albonico, said that for various reasons, the American declaration is extemporaneous, contradictory and redundant:

"The United States does not need to demand freedom of navigation because that freedom is universally recognized. Free passage has never been denied in the economic zone or in territorial waters. The statement could be considered valid in the case of countries which extend the criteria covering territorial waters to the maritime zone. The declaration could also be interpreted as a political ploy aimed at obtaining the broadest possible liberalization in regulations covering the working of the ocean subsoil."

#### Lively Debate

This is precisely one of the issues of most interest to Washington, where legislation is already being drawn up to allow big consortiums to begin to work the ocean depths during the coming decade.

This matter has given rise to the most far-ranging and lively debate at the Conference on the Law of the Sea. The discussion arises from the fact that the immense resources found in the ocean subsoil, although in the economic domain of the coastal nations and now defined as "the common heritage of mankind," may ultimately only be able to be worked by countries having the highest degree of technological development.

In the meantime, the Conference has continued to shuffle the 406 articles in the "semi-official integrated text," which one day should become a universally accepted maritime treaty.

The American position could prove that for the time being, the United States' interest in the sea is based on interests.

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## FOREIGN INVESTMENTS IN COUNTRY ON INCREASE

Santiago QUE PASA in Spanish 9-15 Aug 79 pp 34-37

[Article by M. Eugenia de la Jara: "Foreign Investments: Drawn to Chile"]

[Text] Until about 3 years ago there was considerable skepticism in Chile regarding the real possibilities of an influx of foreign capital into the country in the form of investments in large-scale projects. The doubt was based mainly on the reactions in some countries--in certain of their sectors--to the political actions of the Chilean Government. However, after 3 1/2 years the figures show an almost spectacular growth in the interest being evidenced by investors in bringing capital into a country that--unambiguously and in a coherently coordinated manner with the other aspects of its official economic policy--offers them facilities for investment.

The juridical code based on the Foreign Investment Law (D.L. 600 of 18 March 1977), in fact, establishes the nondiscriminatory and impersonal criteria that govern operations under this law as indispensable requisites for stimulating the influx of foreign capital.

Juan Ramon Samaniego, executive secretary of the Foreign Investments Committee, thinks that the influx of foreign capital during the first years of this administration was small because "the investor is cautious, and when a political change takes place he waits until he knows the new rules of the game and until the situation becomes stabilized." Samaniego adds: "Figures are decisive, and they clearly show that confidence has been growing at a rapid rate."

## Unexercised Right of Veto

There are nevertheless those who think that nondiscriminatory equality of treatment with national investors, is unfair to the latter because foreign investors generally have advantages: a more advanced technology, a world-known trademark, and better knowledge of foreign markets--all of which operate to the disadvantage of domestic enterprises. Hugo Lavados, professor in the Economics Department of the University of Chile, says in this regard, "I believe that foreign investment is an important and positive factor, and that from this viewpoint we must stimulate it and not fear

it, as do those who feel that the multinationals are responsible for all underdevelopment problems." Pursuing his line of thought, Lavados adds that "there are projects which could not be undertaken without foreign investment because of the scale of investment and the advanced technology they require. I think, however, that absolute nondiscrimination can produce negative effects for the country, such as disloyal competition."

Unlike Lavados, there are other sectors that feel the government has still not provided adequate incentives to foreign capital. They feel that most developing countries are attracting foreign capital by giving it preferential treatment over domestic enterprises. Juan Ramon Samaniego, for his part, maintains, however, that it is precisely the policy of evenhanded and equal treatment of foreigners and nationals which is building confidence and that the results of this policy are proving its validity, "to the extent," he says, "that the two largest investors, Exxon and Anaconda, have accepted the standard contract that all other investors sign and that is then submitted to the committee for approval." This committee has the right to veto such contracts, but Samaniego points out that "it has not yet been necessary to do so, because no projects contrary to the nation's best interests have been presented."

#### Authorized and Actual Investments

Tables 1 and 2 provide a clear picture of the growth in foreign investments from 1974 to 30 June 1979 and the preferences of those who initiate or continue their economic activities in our country. Naturally, those that occupy a predominant position are the mining projects, whose number is not as great as the investment they represent and which confirm the traditional interest our raw materials hold for the developed countries. It is nonetheless worthy of note that, of the total of 346 projects, the large majority pertain to other branches of economic and financial activity. This, in Samaniego's judgment and that of other economists, shows that Chile can in a short time greatly widen and diversify its production and development base.

Table 3 shows the foreign investments actually made in this country, representing one-eighth of the authorized amounts. Samaniego explains this as owing to the fact that when investors submit their standard contracts for approval by the committee they include in it the total sum of the investment to be made, but that the completion of such projects is spread over a period of several years and funds are transferred into it as required during such period. This is especially true of mining projects, which represent the largest-scale investments.

In this regard, Hugo Lavados holds that the committee, in drawing up its statistics, should clearly separate authorized amounts from actually invested amounts, since variations from forecast can occur--especially in mining projects--in accordance with situations that are determined only as studies and prospections are carried out and as the real extent of the

project's viability is established. "This is the case, for example," he adds, "with investments in copper, which are subject to world market conditions that can seriously impact the investment forecast."

#### 78 Applications Expired

Besides the 346 projects approved and in progress, the Foreign Investments Committee had received 78 other applications as of December 1978, totaling a little over \$212 million, which are no longer valid because they have either expired or been withdrawn. Some of the investors in this group, according to Samaniego, withdrew their proposals after determining that the yield would not justify the investment, and only in one or two cases were political motives or pressures invoked (Steven Baggeren of Holland, for example). Many other applications were invalidated through expiry of time periods specified in the contract, but not necessarily because the interested investor had decided against applying. Reasons had to do rather with more detailed market studies or with special situations within the interested enterprises.

Samaniego considers it important in any case, even when investments are not actualized, to note the interest they indicate, in principle, in investing in Chile, which augurs well for a future with brighter prospects. Naturally, the fact of equal treatment of the foreign investor, which entitles him to all the rights (but also holds him to all the obligations) provided by law for nationals, strengthens Samaniego's thesis.

#### Should We Negotiate?

The Foreign Investments Law guarantees the investor the repatriation of his profits and his capital, without restrictions, which constitutes another incentive for anyone who comes to Chile to initiate an activity. Access to the foreign exchange market for this purpose is governed in the same manner as for imports. As regards this provision, some maintain that the danger lies in that in time an enterprise can take out of Chile more money than it brought in. Hugo Lavados disagrees with this line of thought, in that it is only reasonable and natural for one to expect the returns from his investment to exceed his investment. Nevertheless, Lavados does not support the viewpoint that the state must not negotiate with an investor. "There should be provision," he advocates, "for different treatment depending on the type of investment, because absolute freedom involves accepting the investor's 'entire package,' which is not always in the nation's best interests. Moreover, the economic impact of a major investment is obviously greater than that of a smaller scale one. I am not in favor of aprioristic conclusions, and for this reason I feel that large-scale proposals must be analyzed and decided on a case-by-case basis. It is conceivable that an investor might agree to reinvest a portion of his profits in the country, and, should this be the case, we should avail ourselves of it."

## The United States Concentrating Its Investments

Table 4 not only shows that the mining sector, or generally that of our raw materials, continues to be the focal point of interest, but also confirms the theory that the capital market is, as of today, a viable business in Chile. The list of banks that have invested has been limited to the major ones, but they are not the only ones. Interest in investing in industrial projects is also substantial, and it will compel our national factories to improve their technologies to compete with the foreign ones.

Both the fact that the United States accounts for the major portion of foreign investments (Table 5) and the size of the investment represented by Canadian projects stem largely from the fact that these are mining projects. In the case of Panama, the relatively large number of applications is made up mainly of subsidiaries of American firms that have invested in Chile.

Another important aspect is the total number of projects involving other American countries, including a large percentage of Southern Cone countries, which appears to show that beyond political and border problems there is interest in integration. Hugo Lavados' theory is that Chile alone is a small country, but that as a member of a regional market it could attract more multinational enterprises, principally those that invest in developing countries. In this sense, the economist holds that one of the reasons adduced by Chile for withdrawing from the Andean Pact (disagreement with the provisions it considered restrictive on foreign investments, which have in fact been progressively derogated) could militate against it and narrow the country's prospects.

There are in any case different viewpoints on this issue, and cautious opinions like those of Hugo Lavados are opposed by more openly optimistic ones such as the commentary published in the 25 June issue of the American weekly NEWSWEEK, which names Chile as the Latin American country having the most foreign investment at this time. It may be added that in Argentina, for example, since the current government of General Videla assumed power in March 1976 and through the first half of this year, the total of its authorized investments amounts to \$793 million. Considering simply the populations of Chile and Argentina, it is clear that investment in our country is far greater than that in our neighbor. The government of our trans-Andean neighbor is now studying a change in its foreign investments law to attract the flow of capital to that country.

Table 1

Foreign Investments Authorized Between  
August 1974 and 30 June 1979

<u>Year</u>	<u>Projects</u>	<u>Amount in Dollars*</u>
1974	16	23,808,000
1975	75	139,571,000
1976	64	150,611,000
1977	64	886,748,000
1978	73	1,302,682,000
1979 (to 30 June)	54	1,619,128,000
Total	346	4,122,548,000

\*Includes \$436 million participation by Chilean Government in the Noranda and Falconbridge mining projects.

Table 2

Investments According to Economic Activity  
(from 1974 to 30 June 1979)

<u>Activity</u>	<u>Projects</u>	<u>Amount in Dollars</u>
Mining	14	3,733,245,000
Industry	148	254,737,000
Services	146	107,741,000
Transportation	7	9,990,000
Forestry	1	5,657,000
Agriculture	18	5,199,000
Construction	10	4,652,000
Energy and fuels	2	1,327,000
Totals	346	4,122,548,000

Table 3

Actual Influx of Capital Funds  
to 30 June 1979

<u>Number of Projects</u>	<u>Amount in Dollars</u>
Mining (14)	459,068,000
Other than mining (292)	231,240,000
Funds paid in under Article 14*	<u>48,849,000</u>
Total projects (306)	507,917,000 [as published]

\*Reinvestments or expansions of existing enterprises in Chile.

Table 4

Major Projects Approved Between  
1974 and 30 June 1979

Mining Sector

Exxon Minerals Corporation

Purchase of disputed Las Condes mine; investment up to \$1.2 billion.

Falconbridge: Exploration and exploitation of "Quebrada Blanca"; investment up to \$500 million, in partnership with Chilean Government.

Noranda Mines Ltd.

Exploration and exploitation of "Andacollo"; investment \$350 million. Includes participation by Chilean Government.

St. Joe Minerals

Exploration and exploitation of "El Indio"; investment \$100 million.

Foote Minerals Co.

Prospection for lithium in Atacama salt deposit; investment \$23 million and participation by Chilean Government.

Anaconda

Exploration and exploitation of "Pelambres"; investment \$1.5 billion.

[Table continued on following page]

## Metalgesellschaft

Explorations and prospections in Aisen, for lead and zinc; investment DM 90 million.

Amerada Hess and Atlantic Richfield Corp.

Exploration and prospection for oil and natural gas off southern coasts; investment \$11 million.

## Financial Sector

National City Bank

Banco do Brasil

Banco Real do Brasil

Banco do Estado de Sao Paulo

Banco de Santander

Banco Exterior de Espana

Bank of America National Trust and Savings Association

The First National Bank of Boston

Republic National Bank of New York

American Express International Banking Corporation

Banque Sudaneris

## Industrial Sector

Firestone

Goodyear (Insa)

Holderbank (Cemento Polpaico)

The Gillette Co.

S.A. Automobiles Citroen

L'Interpeche

Dart Industries Inc.

Diamond Shamrock Corp.

Wolfran Investment Corp.

Taiyo Fishery C. Ltd.

Nippon Suisan Kaisha Ltd.

Nishiro Gyogyo Kaisha Ltd.

Daerim Fishery Co. Ltd.

Rosenthal

Pedro Domecq

Standard Brands Inc.

Inversiones Morgan S.A.

Hoko Fishing Co. Ltd.

Black and Decker Inc. S.A.

Abbey Investment Co. Ltd.

Gruenenthal GmbH.

Minerec Corporation

Table 5

Foreign Investments by Countries or Groups of Countries  
(Authorized to 30 June 1979)

<u>Countries (35)</u>	<u>Projects</u>	<u>Amount in Dollars</u>
United States	97	3,182,413,000
Canada	9	607,647,000
Panama	35	63,867,000
Other countries of the Americas (13)	48	38,162,000
England	29	56,140,000
Federal Republic of Germany	27	53,119,000
Japan	11	41,486,000
Switzerland	25	20,921,000
Spain	20	20,595,000
France	13	15,914,000
Holland	5	5,548,000
Belgium	5	2,976,000
International organization	5	2,603,000
Sweden	5	2,501,000
Other countries (9)	12	8,665,000
Totals	346	4,122,548,000

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CSO: 3010

UNIVERSITY OF CHILE OFFICIAL INTERVIEWED ON TRIPS TO PRC, JAPAN

Santiago QUE PASA in Spanish 16-22 Aug 79 pp 14, 15

[Report of interview with Walter Sanchez, deputy director of the Institute of International Studies, University of Chile, by Lillian Calm: "Growing Autonomy in Foreign Policy: Japan Looking Toward Latin America"; place and date of interview not given]

[Text] Foreign Minister Sonoda of Japan will visit Chile in the next few days. Why the interest of that great international "colossus" (as it has been called) in Latin America? For an in-depth response to this question, we talked at length with the deputy director of the University of Chile's Institute of International Studies, Walter Sanchez. He has just returned from Tokyo (he also visited Chile), where he was a guest of the Japan Foundation, a semigovernmental organization closely linked to Gaymucho (a Japanese expression designating the Ministry of Foreign Affairs).

[Question] What objectives does that foundation pursue?

[Answer] Created in 1972, it began reflecting Japan's concern for opening itself up to the international community. Basically, it operates through international competitive bidding for invitations. I applied for one and was selected. The purpose of my trip, precisely, was to investigate the prospects of relations between Japan and Latin America, and specifically between Japan and Chile and Brazil. To understand the bilateral relations between Japan and these two countries, it is important to know how Japan views the international situation, especially with respect to the Soviet Union, the United States and China. Thus, most of my studies and interviews (close to 100) were with strategists and specialists dedicated to the Japanese viewpoint and with experts on Chinese problems and Latin American affairs. In sum, the object of my trip was to study the potential that exists for relations between Japan and Latin America, mainly political.

[Question] What are your conclusions?

[Answer] I am still working on all the material I brought back (40 kilos of documents and 8 hours of recorded tapes, besides several notebooks on

my interviews). In any case, my conclusions are as follows: Japan's relationship with Brazil is exceptionally important for both countries. The meeting that is to be held in Brazil with three Japanese ministers to review bilateral relations attests this fact. One of the principal reasons for these strong ties is certainly the enormous community of Japanese immigrants living in Brazil. The celebration in Sao Paulo a short time ago of the 90th anniversary of the beginning of that immigration was almost a national holiday in Tokyo.

#### Privileged Treatment

[Question] How would you characterize the bilateral relationship between Japan and Chile?

[Answer] Japan's ties to Chile have not been as close. Our contacts with Japan have been interrupted by world conflicts. However, Japan has always accorded higher diplomatic priority to Chile than, for example, to Peru or to other countries. This is rather interesting, in that there is a large Japanese community in Peru. Nevertheless, from a diplomatic viewpoint, relations with Chile since before World War I and until now have been characterized by privileged treatment in this regard.

[Question] To what do you attribute this?

[Answer] This has more than one explanation. I believe this situation is somehow linked to a certain more or less independent attitude which Chile managed to maintain in World War II. Chile has also tried to maintain an independent attitude with respect to the United States and to blocs in general, and it seems that Japan is headed slowly but surely toward greater autonomy and a freeing of its foreign policy from North American influence. In that sense, I think Japan has been trying during this decade to open itself up to the entire international community, and particularly to the countries tied to what has been called the trilateral world, that is, the European Economic Community, the United States and, in some way, Latin America. In this regard, I think Japan is particularly interested in strengthening its relations with this continent, with the Southern Cone and especially with Chile. The latter should be evident from Foreign Minister Sonoda's visit to our country in the next few days. We must also think about economic aspects, such as investments in major areas (fishing, automobiles, electronics...)

[Question] Are there any figures to substantiate those investments?

[Answer] I have figures showing the growth of Japan's investments in Latin America. In 1967 they totaled \$380 million, in 1973 they were \$1.811 billion and today, in 1979, I daresay they have almost doubled the latter figure. Other indicators point to the growth of Japan's trade with Latin America: Japanese exports to this continent have increased about 30 percent since 1968, which is a significant figure. It indicates that behind it all there is an economic interest.

[Question] What will its moving away from dependence upon the United States mean to Japan's foreign policy?

[Answer] In reality this visit to Latin America evidences an independence from the United States. It is another facet of the explanation for Japan's greater interest in Chile and other countries that try to maintain an autonomous attitude toward political blocs, whether they be that of the USSR or of the United States. Observers also saw evidence in the arguments presented during the Diet debates in Tokyo concerning this visit--debates in which the Socialist, Social Democratic and Liberal parties all took part--that this greater diversification or globalization of Japan's foreign policy indicates it has reached the age of long pants insofar as its independence from the United States is concerned. Their relationship heretofore has been one of total dependence. That is, wherever the United States went, Japan also went. Now, for example, specifically regarding the entire human rights issue, Japan has maintained a very independent policy. Perhaps what most irritated them was the expulsion of refugees arising from the conflict between China and Vietnam. Japan suspended economic aid to Vietnam.

#### President Pinochet's Visit

[Question] Was there talk of a possible visit by President Pinochet to Japan?

[Answer] According to reports that appeared in the press both in Chile and Japan--in fact, in the ASAHI EVENING NEWS--and that I was able to read over there, it appears that the president of Chile intends to visit Japan. That, in my opinion, would unquestionably be one of the most solid steps toward opening Chile's foreign policy to the countries of Asia and the Pacific. Its international repercussions would be comparable to those of other major visits undertaken by other presidents in Chile's history, and its significance would be equal to that of an invitation from the United States or other great power. I consider that visit to require an enormous amount of detailed planning and preparation, as Japan takes this kind of event very seriously.

[Question] How do you view relations between Japan and China?

[Answer] Relations with China have for many years been a key issue in Japan's foreign policy. It has frequently divided and unified the Japanese, and in fact a kind of invisible and friendly trade has been developing between Japan and the People's Republic of China over the past 20 years at least. During that period a very strong body of opinion within the Socialist Party--and almost that entire collectivity--kept insisting on a greater rapprochement with China and on putting an end to the hostility between the two countries (a hostility dating back more than 30 years) so as to normalize relations on the same footing as with other countries. That process intensified 7 years ago. As a result of Kissinger's trip to China (he first

visited Peking and then Tokyo, and for this reason the trip has been called one of Nixon's shock actions), pressure began mounting to negotiate a treaty of friendship between Japan and China. It was finally signed in October of last year, and it marks a major geopolitical and strategic change throughout the Far East and Southeast Asia. It is perhaps one of that region's most important events from the viewpoint of political balance.

#### The Soviet Snare

[Question] Meanwhile, what has been the attitude of the USSR?

[Answer] One must consider the constant opposition and snarles placed by the USSR in the path of any form whatever of rapprochement between Japan and China. The USSR has always opposed any improvement in their relations (for obvious reasons), but its pressures on Japan have now gone beyond the somewhat rhetorical and diplomatic stages. It is now openly applying military pressure. Its entire military display at the Vladivostok bases, the Indian Ocean and near the Japan and China seas is in fact one of the graver concerns of the Japanese strategists. Japan has always tried to maintain an equidistant policy with respect to the USSR and China, leaning neither to one side nor the other. It would appear, however, that after signing the treaty with China it definitely leaned to one side, even though--and the Japanese are very pragmatic in this regard--it will be maintaining a certain kind of trade relations with the USSR based especially on exploitation of gas in Siberia, where major Japanese interests are operating.

[Question] And, very briefly, what were the results of your visit to China?

[Answer] I was invited there by the Association for Friendship with Foreign Peoples. My visit was exceptionally interesting. It comprised 2 weeks of intensive talks with political and economic leaders at all levels. I was also able to interview Madame Holin, the wife of Chinese Foreign Minister Huang Hua. We share many viewpoints that may be of joint interest to the university students, professors and intellectuals of both Chile and China. This kind of gesture is very important, because relations with the Asian and Pacific countries cannot be confined to the fields of economics and finance--where the prospects are indeed enormous--but must also include other aspects of a cultural and technical nature. There are possibilities in these fields for very interesting interchanges of information, as well as for setting up joint cooperation projects in different areas. I consider Japan and China the colossi of Asia, and I have no doubt that Japan will be the number one. A book written by a Columbia University professor has already been published under the title "Japan Number One." In it the authoress sets forth very convincing arguments for the thesis that Japan will in the next few decades be number one. China, for its part, will emerge from its backward economic situation if it continues its present process of modernization and, because of its size, its vast market, and its tradition, will undoubtedly become one of the most powerful nations on

earth. And it is very important that Chile begin thinking as of now in terms of 21st century diplomacy.

[Question] What is your view of 21st century diplomacy?

[Answer] Diplomacy in the 21st century will be greatly centered in the Pacific--the strategic theater of the future--and will be universally oriented. That is, it will include our traditional friends but will also be heavily influenced by the countries of Southeast Asia (ASEAN), which have already been the object of much interchange activity and openings of embassies, and by the two great colossi: Japan and the People's Republic of China.

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CSO: 3010

JOINT COMMISSION FORMED WITH CHINA TO IMPROVE RICE PRODUCTION

Santiago EL CAMPESINO in Spanish Jul 79 p 7

[Text] Chile and China have formed a joint commission to improve national rice production by making varieties and modern technologies available to the producer that will help him increase his yields.

The news was released by Sergio de Ferrari, president of the Rice Producers Association, who said that Chinese experts are already researching the most appropriate varieties for our national climatic and soil conditions. It is hoped thus to develop in a short time a wide-ranging rice production program with the collaboration of the National Agricultural Association, the National Agricultural and Livestock Research Institute (INIA), the Rice Producers Association, the Millers Association, and the National Seed Enterprise.

Referring to the principal problems affecting this sector, which involves more than 1,300 producers, Sergio de Ferrari underlined the lack of a drying infrastructure, which compels the farmer to resort entirely to the millers' facilities, heavily impacting the final cost of production. He reported that the association he heads is already in contact with international firms in regard to importation of machinery that will resolve this marketing problem.

He also reported the exportation of 12,000 tons of semiprocessed rice, valued at \$3,000,490. "This means," he added, "that we are doubling the total of our rice exports last year."

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CSO: 3010

## INDUSTRIAL BANK OF JAPAN TO INVEST IN COUNTRY

Santiago EL MERCURIO in Spanish 3 Aug 79 p C-3

[Text] During a meeting yesterday with the president of the republic, General Pinochet, in the presidential suite in the Diego Portales Building, Mr Kisaburo Ikeura, president of the Industrial Bank of Japan, expressed to General Pinochet his bank's interest in financing projects in the hydroelectric field, especially the Colbun-Machicura complex being built in the Seventh Region.

"Our bank," Ikeura said through an interpreter, "wants to be the organizer or leader in this type of projects in this country." He stated that his bank has held meetings with the ministers of economy and finance and with the president of the Central Bank. "We are now in the concrete planning stage of the hydroelectric program in Chile, especially the Colbun project," he said.

After stating that his visit to the chief of state was one of courtesy, the Japanese banker said that "Chile has now achieved a social order and economic stability that induces bankers to make major investments here, as I think Chile has a good future."

Ikeura said that during his 10-day Latin American tour he has visited Brazil, Argentina and Chile and has been received by the president of each of these countries, which he considers to have been "a great honor."

Responding to a question, he stated that his bank will not make direct investments in the country but understands that the Chilean Government intends to seek financing from various sources for electrical energy projects, for which the banking organization he heads is available.

The Industrial Bank of Japan, which is one of the 10 largest banks in the world, with active assets of \$50 billion and offices and representatives throughout most of the world, already has investments in Argentina and Brazil. For the past 20 years it has been financing hydroelectric projects in the latter country, among which are the largest steel company, and others in the paper and cellulose industry.

The Japanese banker was accompanied by Yoh Kurosawa, Keisaku Mitsumatsu, Nobuo Kawamura, Hidetsugu Usui and Toshihito Ishida--all high-ranking executives in his organization.

CHILE

CHILEAN-JAPANESE BUSINESSMEN'S GROUP TO HOLD FIRST MEETING IN TOKYO

Santiago QUE PASA in Spanish 9-15 Aug 79 p 22

[Text] The Chilean-Japanese Businessmen's Association--which was organized in 1978 by the Manufacturing Development Association and the Japanese Chamber of Commerce and Industry, and which includes representatives of the private sectors of both countries--will hold its first official meeting in Tokyo in September. The meeting will address the signing of the organization's definitive constitution and bylaws and will take up specific projects and detailed matters relating to reciprocal trade and cooperation.

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CSO: 3010

PRC ECONOMIC DELEGATION SEEKS PURCHASES OF CELLULOSE, PAPER

Santiago EL CRONISTA in Spanish 3 Aug 79 p 4

[Text] A delegation of the Chinese National Light Industry Import and Export Corporation has arrived in Santiago with the object of negotiating purchases of cellulose and paper, according to information received from our Foreign Ministry.

The arrival of this group is the result of agreements reached during the recent meeting of the Joint Chilean-Chinese Commission in Santiago.

This ministry also announced that another delegation, pertaining to the Chinese National Machinery Import and Export Corporation, will arrive on 5 September.

According to the Foreign Ministry, these visits represent a constant increase in Chilean-Chinese interchanges.

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CSO: 3010

DIPLOMATIC RELATIONS ESTABLISHED WITH SINGAPORE

Santiago EL CRONISTA in Spanish 3 Aug 79 p 2

[Excerpt] The governments of Chile and Singapore officially agreed yesterday to establish diplomatic relations at the ambassadorial level, according to information received from our Foreign Ministry. Singapore is the most highly developed nation economically in the Association of Southeast Asian Nations (ASEAN), which also includes Indonesia, Malaysia and Thailand.

Singapore, which is located in the Pacific Ocean south of Thailand and Malaysia, is made up of a large island and 57 small islands, covering a total area of 602 square kilometers.

Its location is a privileged one: at the mouth of the Straits of Malacca, one of the most important waterways connecting the Pacific and Indian oceans and an obligatory oil route between the Arab countries and Japan, Korea and the other nations in the area.

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CSO: 3010

FIRST GEOTHERMIC PLANT OPERATIONAL IN FIRST REGION

Santiago EL MERCURIO in Spanish 31 Jul 79 p C-9

[Text] For the first time in South America, a turbine driven by geothermic steam has been put into operation in Puchuldiza, located in the First Region, by the Production Development Corporation [CORFO]. This experimental installation is part of a vast plan that is to be implemented over the next 10 years, from Antofagasta to Africa, where geothermic energy is a source immediately available for use.

The executive secretary of CORFO's Energy Committee, Jorge de la Fuente, pointed out that "geothermic energy is that which is supplied by the earth's internal heat."

The north offers ample solar energy potential, but the geothermic prospects are enormous and availability is immediate.

"In the northern zone," says the engineer, "we have, toward the interior of Tocopilla, in the cordillera, a geothermic field named El Tatio. This is the most advanced of the projects at the moment, and we could install in it a 120,000-kilowatt generating plant."

Jorge de la Fuente added that south of El Tatio there is another small field which is presently under study and is named Putana.

"According to our studies," he said, "Putana can generate an installed capacity of 30,000 kilowatts."

De la Fuente indicated that Puchuldiza is another geothermic field in which studies are under way and are well advanced.

"In the Puchuldiza field we can generate or install up to a 150,000-kilowatt plant. It is considerably larger than the others. And a little more to the north we have another field, called Suriri, which could also generate some 30,000 kilowatts. In sum, there are two fields in the First Region and two more in the Second Region."

The plan in Puchuldiza calls for drilling enough new wells to permit installation of a 30,000-kilowatt plant. Work is to begin in 1980.

Puchuldiza is located 200 kilometers from Iquique, in the High Andes cordillera, and 4,200 meters above sea level.

"The total capacity of the fields we already know is 330,000 kilowatts installed, or almost exactly the present consumption of the first and second regions combined."

De la Fuente referred to several mining projects, such as Quebrada Blanca, Copaquiri and Cerro Colorado, which represent new energy demands.

The engineer said that the Chuquicamata sector, because of the lower grade copper ore being processed there now, needs more energy to produce the same amount of the red metal. To this must be added that somewhat contiguous to Chuquicamata there is a sector called El Abra, where a project is to be undertaken that will require a large amount of energy over the next several years.

De la Fuente says: "All of these mining projects represent a heavy energy demand, and, according to CORFO as well as ENDESA [National Electric Company] estimates, the region, in 1990, will require an installed capacity of some 620 megawatts, that is, 620,000 kilowatts."

The engineer emphasized that, by developing all the geothermic energy that has been found to date in the north, the entire difference between the new and current demands can be supplied at a cheaper price than the present one.

"The plan calls for building an interconnected power network to transfer energy between Africa and Antofagasta, very much like the system installed by ENDESA in the southern and central zones. This network must be supplied with energy."

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CSO: 3010

## FIRST NUCLEAR POWER PLANT TO PRODUCE 600 MEGAWATTS

Santiago EL MERCURIO in Spanish 31 Jul 79 p C-9

[Text] Plans for the installation of a nuclear power plant at some point on Chilean national territory will be ready next year. This plant would be capable of producing electric energy equal to 600 megawatts. Although exact figures have not yet been worked out, it is known that its cost will be on the same order of magnitude as similar installations elsewhere. It is estimated to be at least \$700 million.

The executive director of the Chilean Atomic Energy Commission, Col Marmaduke Abarzua, has indicated that "the importation of energy in the form of oil in high proportions subjects developing countries to heavy dependence on foreign markets, thus affecting their trade balances as well. These parameters compel the adoption of a decision to implement a highly realistic, dynamic and diversified energy development program. This involves a foresighted approach requiring rigorous and methodical planning and the timely adoption of politicoeconomic decisions by the statesmen."

In the energy sector, the nuclear energy subsector plays a major role as a supplier of electrical energy and producer of a raw material: uranium.

"Besides, there is no national activity to whose technological development the atom cannot make a contribution in the form of positive solutions to the problems and situations inherent in such development."

Colonel Abarzua regretfully acknowledges that discussion of nuclear energy always raises the thought of "war" or of "bombs." The topic is never approached from the viewpoint of progress, although the fact is that nuclear energy has many applications in all fields, from electrical energy to economics, from engineering to medicine and from agriculture to industry.

#### Electric Energy

"Nuclear energy is a present reality among the alternative solutions available to all nations," says the executive director of the Chilean Atomic Energy Commission. "It is not necessary to be an industrialized nation to make use of this type of energy."

"We believe," he says, "that in Chile it must be incorporated in the energy sector. Nuclear energy has two very important aspects. On the one hand, it provides or can provide electrical energy, and, on the other, it can produce a national technological rebirth, in that its engineers and its national industry engaged in the manufacture of goods and equipment must necessarily improve the quality of the required material and bring it up to international standards and specifications. This has happened in every country that has adopted nuclear energy."

#### Vast Scale

Colonel Abarzua emphasized: "We know that this type of project is one of vast scale. I have personally worked as deputy director of a nuclear power plant construction project in Spain, and from it I have gained an exact idea of the magnitude of this type of project, its scope and its impact. Because of its aspects it is a project of national scope. The huge investments that must be made provide yet another reason for detailed thought on the project."

The executive director of the Chilean Atomic Energy Commission dwelt for a moment on an analysis of the significance of such investment in terms of figures.

#### 700 Million

"The total amount to be invested," he explained, "is similar to the amount that will have to be spent on building the Colbun hydroelectric plant. I estimate it could be on the order of \$700 million. Colbun has a planned capacity of 490 megawatts and will cost an estimated \$620 million. The nuclear plant will produce around 600 megawatts."

He added that the real cost of a plant of this type will be known around the middle of next year, after evaluation of the bids that are to serve as the basis for a final decision.

He says the government, through ministerial directives, ordered the carrying out of the preliminary studies with the object of obtaining all the information necessary for a final decision in 1980.

It ordered these studies to be made by a joint organization made up of the Chilean Atomic Energy Commission, ENDESA [National Electric Company], and CHILECTRA [Chilean Electric Company Ltd.].

Following is a synopsis of these studies:

First, the training of personnel: "We have 51 engineers, all of whom have received or are receiving preparatory and advanced training abroad. They have been or are in Spain, the United States or Germany. This training will continue in increasing detail and in various stages," he indicated.

Second in importance is the siting study:

"We are seeking two possible sites for the installation of future nuclear power plants. This search is being conducted meticulously, because, as everyone knows, our country is highly seismic," he added.

The major problems encountered thus far in the studies being made in this regard stem precisely from the lack of information, of concrete data, with respect to the earthquakes that have occurred. No one knows, for example, the origin of the Chillan earthquake.

Colonel Abarzua stressed that "in Chile we have very little basic knowledge regarding our existing geological faults."

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CSO: 3010

## CHILE

### COMPARATIVE 1977-78 AND 1978-79 AGRICULTURAL PRODUCTION FIGURES DETAILED

Santiago EL CAMPESINO in Spanish Jul 79 p 9

[Text] The results of the 1978-79 farming and animal husbandry survey reveal that, of the 14 traditional crops, physical production of 9 increased as compared with the previous growing season, while production of the other 5 decreased.

The crops whose production increased are: wheat, 11.5 percent; oats, 62.2 percent; corn, 90.5 percent; rice, 72.9 percent; dry beans, 3.8 percent; lentils, 67.1 percent; chick-peas, 71.5 percent; rape, 24.3 percent; and sunflower, 10 percent.

Production of the following crops decreased: barley, 10.7 percent; rye, 16.8 percent; green peas, 6.8 percent; beets, 24.7 percent [as published--see chart] and potatoes 10.9 percent [as published--see chart].

For its part, the Ministry of Agriculture highlighted the increase in cultivated area from one period to the next--4.6 percent greater during the 1978-79 season than during the 1977-78 one--and pointed up the fact that many of the products increased in price.

The following chart provides comparative performance figures in regard to each of the 14 crops for the two growing seasons analyzed:

(1) COMPARACION DE LA SUPERFICIE, RENDIMIENTO Y PRODUCCION 1977-1978 Y 1978-1979

(2) CULTIVOS	(3) AÑO AGRICOLA 1977-78			(3) AÑO AGRICOLA 1978-79			(4) VARIACIONES PORCENTUALES		
	(5) Superficie Héa.	(6) Producción Ton.	(7) Rendimiento Qq./Héa.	(5) Superficie Héa.	(6) Producción Ton.	(7) Rendimiento Qq./Héa.	(8) Superficie %	(9) Producción %	(10) Rendimiento %
TRIGO (11)	579 280	882 628	15.4	589 470	895 140	15.2	-3.3	11.5	15.6
AVENA (12)	74 780	92 828	12.4	8 770	110 220	12.6	5.3	82.2	54.8
CEBADA (13)	63 810	125 520	19.7	20 770	112 080	18.8	-6.3	-10.7	-4.6
CENTENO (14)	11 280	10 780	9.6	7 370	8 970	12.2	-34.6	-18.8	27.1
MAIZ (15)	88 880	236 880	27.4	130 410	488 270	37.5	38.8	88.5	38.8
ARROZ (16)	32 840	184 780	32.1	47 870	181 170	38.5	44.2	72.8	18.8
SUBTOTAL CEREALES (17)	886 880	1 483 270		883 810	1 836 840		3.3		
FORRAGES (18)	111 740	112 080	10.0	120 980	118 270	10.6	-1.8	3.8	6.8
LENTILLAS (19)	31 840	18 880	6.0	30 380	31 880	6.3	58.3	87.1	5.8
GUINIGUAY (20)	11 810	5 470	5.8	16 810	9 380	5.6	52.7	71.5	12.8
ARVEJAS (21)	17 120	15 820	9.3	16 880	14 580	8.6	-2.8	-8.8	-3.3
SUBTOTAL LEGUMINOSAS (22)	171 740	152 140		183 870	171 940		12.8		
PAIS (23)	34 280	52 870	15.1	53 880	84 630	12.8	58.8	34.3	-28.5
MAIZELLA (24)	20 880	30 840	14.4	21 880	33 270	15.4	3.7	10.8	6.8
SUBTOTAL OLIVAS (25)	55 240	82 880		75 580	97 880		18.5		
REMOLACHA (26)	21 510	840 250	388.7	18 180	875 520	419.7	-24.7	-18.1	7.4
PAIS (27)	88 880	880 740	188.8	88 810	778 480	85.2	-18.8	-21.4	-11.8
TOTAL (28)	1 188 270			1 252 310			4.6		

(29) Fuente: Servicio Nacional de Estadística

Key:

- Comparison of areas, yields and production 1977-1978 and 1978-1979
- Crops
- Farming year
- Percentage variations
- Area in hectares
- Production in tons
- Yield in quintals per hectare
- Area (percent)
- Production (percent)
- Yield (percent)
- Wheat
- Oats
- Barley
- Rye
- Corn
- Rice
- Subtotal of cereals
- Dry beans
- Lentils
- Chick-peas
- Green peas

- 22. Subtotal of leguminous crops
- 23. Rape
- 24. Sunflower
- 25. Subtotal of oil crops
- 26. Beets
- 27. Potatoes
- 28. Total
- 29. Source: National Farming and Animal Husbandry Survey

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NEW ATTORNEY GENERAL PLEDGES SPEEDY SOLUTION OF EXILES CASE

Santo Domingo EL NACIONAL in Spanish 20 Aug 79 pp 1-2

[Text] The new attorney general today pledged a speedy solution of the cases of Hector Aristy and the other two Dominicans who are in exile.

Dr Flavio Dario Espinal also promised that he would consider the case of Castulo Toussaint, who has spent nearly 12 years in prison for the death of a young businessman.

Espinal was questioned by newsmen at the conclusion of the ceremony in which he took office as the highest representative of the Public Ministry.

The new attorney general was installed by Jose Maria Hernandez, administrative secretary of the presidency.

The ceremony, which took place about 10:30 am, was attended by legal assistants to the attorney general and some of the higher-level staff of the attorney general's office.

Dr Jaime Alvarez Dugan, technical secretary of the presidency, and Dr Godofredo Rodriguez Torres, acting district attorney for the District, were present at the ceremony.

Dr Espinal replaces Dr Caonabo Fernandez Naranjo, who was named ambassador to Spain.

Hernandez acknowledged the work of the outgoing attorney general, saying that he had done his work faithfully and responsibly.

The administrative secretary of the presidency also stressed the qualities of the new attorney general, whom he called very honest and dedicated to his work.

He gave a short history of the judicial offices Dr. Mejia has held.

Dr Fernandez Naranjo thanked President Antonio Guzman for the confidence placed in him in naming him as ambassador to Spain.

"I am very grateful to the president of the republic," the former attorney general said.

At the conclusion of the installation ceremony, the new attorney general said, "I will consider the cases of what few exiles remain and hope to be able to resolve them quickly."

He noted that he hopes to be able to completely conclude the amnesty law, which has aided more than 500 Dominicans, including political prisoners, exiles and fugitives.

Only Hector Aristy, Radhames Menedez Vargas and former guerrilla Toribio Pena Jaquez remain in exile.

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PRSC SECRETARY GENERAL RESIGNS, 'RECESSES' UNTIL 1980

Santo Domingo EL NACIONAL in Spanish 20 Aug 79 pp 1-2

[Text] The secretary general of the Social Christian Revolutionary Party (PRSC) today announced his resignation from that position and accused one sector of the political organization of making a pact with Radhames Trujillo and the Reformist Party prior to the May 1978 elections.

During a press conference held in his Gascue apartment, Quico Tabar said that, after thinking about a series of inconsistent actions by that party in recent years, he has chosen to recess until the 1980 convention.

"I have chosen this way out in order to free the minority groups defeated in the last convention so they can give the PRSC another option," he stated.

But he indicated earlier that his position and that of other members of the party was to bury the past in order to give the people and youth a new choice, giving the organization a positive character different from what it has had until now.

Tabar, who also serves as assistant director of the State Sugar Council (CEA), stated that the PRSC, because it has had two lines of political thought, has showed symptoms of inauthenticity and inconsistency.

In particular, he accused Rogelio Delgado Bogaert, who until last year was president of that organization, of having made a personal pact with Radhames Trujillo through journalist Daniel Adriano Gomez, whom he referred to as the "go-between" for the two men.

He said that because of the internal problems, and above all because of the systematic bombardment by the group that lost the convention, Alfonso Lockward was forced to resign as president of the PRSC.

He indicated that evidence of the inconsistency of the party includes the fact that while the leadership was holding talks with the Dominican Revolutionary Party (PRD) regarding a political pact, the "minority sector" was talking with the Reformist Party prior to the May 1978 elections.

He stated that while on 18 May the organization demanded that the will of the people be respected, the president at that time, Delgado Bogasert, made remarks siding with those who favored ignoring the will of the people.

He indicated that during his term of office, although he had taken the leadership of a disintegrated party, he is now turning over a party the like of which has been sought after by various sectors that see in it an alternative to power for the coming elections.

He then announced that in the future he will release a document stating his opinion in detail, but he stated that at the July 1980 convention he will reiterate the need for the PRSC to include new currents of thought and bury a disconnected past once and for all.

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## SIX MEMBERS OF PR CENTRAL EXECUTIVE DIRECTORATE RESIGN

Santo Domingo EL CARIBE in Spanish 21 Aug 79 p 16

[Text] Six members of the Central Executive Directorate of the Reformist Party (PR) resigned their offices in the top leadership of the political organization yesterday.

The reformist leaders said that their resignations are "irrevocable," and they invited the other members of the Central Executive Directorate of the PR to resign to "leave the field open" for former President Joaquin Balaguer, president of the opposition party, to call a general assembly in order to elect a new party directorate.

The resignation of the reformist leaders is contained in a letter to Dr Balaguer dated yesterday. The text of the letter will be published as a paid announcement in another part of this issue.

The resignees include Dr E. Euclides Garcia Aquino, Miguel Angel Rodriguez P., Julio Sergio Zorrilla Dalmau, Dr Pedro Maria Perez Rosso, Dr Manuel E. Perez Melo and Dr Gilberto Herrera Baez.

Last night the first and second vice presidents of the Reformist Party, Fernando Alvarez Bogaert and Dr Victor Gomez Berges, each stated that, of the resignees, only Dr Garcia Aquino is a member of the Central Executive Directorate of the organization.

They indicated that the rest are leaders of other party departments, not members of the Central Directorate.

Alvarez Bogaert and Gomez Berges noted that the members of the Central Executive Directorate of the PR are the president of the party, the four vice presidents, the secretary general and nine other members.

In their letter to Dr Balaguer, who has been in the United States since last Saturday, the reformist leaders state that "it is difficult, if not impossible, to deny that in the wake of the defeat of 16 May 1978 the Reformist Party has brilliant future prospects if its top leader and

president will bow to popular demand to clear out of its top level leadership and its provincial and municipal directorates those figures whom time has rendered unpopular for reasons that are unnecessary to enumerate at this time."

They add that the people fear that the situation that prevailed during the 12 years of government and "the infamous 'ring' may still exist."

They say that "the clouds that darken our dawns must disappear, and the sun that for 12 years illuminated this beautiful land must shine forever."

"Let there be public evidence," they add, "of our willingness to follow the people's most honest and decisive colleagues in our honorable condition as members of the Reformist Party."

They note that "there must be a complete resignation of all the members of the National Directorate, except you, Dr Balaguer, because you will always represent the clearest leadership in Dominican history and because of your clear conscience in the forefront of the res publica as the strongest pillar of peace and national progress."

Alvarez Bogaert and Gonzalez Berges refused to comment on the terms of the reformist leaders' resignations and said that the party might release a communique on the matter this week.

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GULF AND WESTERN DENIES ANY WRONGDOING IN LOCAL OPERATION

Santo Domingo LISTIN DIARIO in Spanish 21 Aug 79 p 1

[Text] Gulf and Western Industries yesterday released a statement from its New York headquarters agreeing to any investigation of its operation in the Dominican Republic but denying as false allegations that its procedure here has been improper.

The statement is as follows:

"New York, 20 August 1979--at its July meeting the Board of Directors resolved to conclude final talks with the staff of the Securities and Exchange Commission (SEC). These negotiations took place because of the investigation of Gulf and Western that the SEC has been conducting during the last 3 years and which has been revealed in the public records of the company.

"Moreover, the Board of Directors of Gulf and Western Industries instructed company lawyers to vigorously oppose any charge the SEC might make in court.

"A rough draft of a brief prepared by the staff of the SEC has recently become the basis for a series of articles that have appeared in newspapers here and abroad.

"The accusations made in those articles regarding the agglomeration of the G and W profits are false. The financial statements of Gulf and Western were prepared in accordance with general accepted accounting principles, consistently applied, according to the reports of its independent auditors, Ernst and Whinney.

"Ernst and Whinney have notified Gulf and Western that they have not received any report or communication during the time of the SEC investigation that might lead them to think that the financial statements of G and W might need some adjustment or modification for proper presentation.

"The allegations in these publications that G and W's operation in the Dominican Republic may have been improper are also false. The company will accept any investigation of the way it has operated in the Dominican Republic.

"The company has never been in a better financial position, and its achievements speak for themselves. The company reported record net receipts for the first 9 months of fiscal 1979 of \$167 million, over 36 percent higher than those for the same period in fiscal 1978.

"The Gulf and Western Industries stockholders' equity of \$1.47 billion is an increase of \$138 million, or 10 percent, since 30 April 1978, and the book value of each share has tripled in the last 10 years."

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## BRIEFS

PRESIDENTIAL CANDIDATES--Montevideo, 4 Sep (LATIN)--Julio Cesar Espinola, vice president of the State Council, said here today that during the next presidential elections, planned for 1981, it would be desirable to have more than one candidate. He also said that the legislative branch should be bicameral. In a statement to the press, he disagreed with the announced proposal that there be a single presidential candidate selected through an agreement between the two traditional political parties (Blanco and Colorado) with the approval of the armed forces. Espinola told the press that, "I am not interested in how many, but it should be more than one candidate." With regard to the method for selecting a candidate, he indicated that "there will certainly be a system for consultations with the current political parties, which must be operating before the national elections planned for 1981. [Excerpt] [Buenos Aires LATIN in Spanish 1457 GMT 4 Sep 79 PY]

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## OUTLOOK FOR IRON, STEEL INDUSTRY QUESTIONED

195 Million Bolivar Loss

Caracas EL NACIONAL in Spanish 21 Aug 79 p D-3

[Article by Jose Ramon Diaz]

[Excerpt] The Economic Cabinet, in its formal meeting yesterday morning at the Treasury Office, discussed in detail the development strategies and financing policies of the Caracas iron and steel industry.

Iron and steel was the principal topic of discussion at the cabinet meeting, which dealt not only with the proposals made by Siderurgica del Orinoco, but also with those of the sector which is planning the Zulia iron and steel industry, in terms of speeding up the financing programs that are already in the planning stages.

At the meeting discussion touched on SIDOR's need to rationalize the price of its products, due to the increase in input prices. It was mentioned that most state enterprises in basic industries, especially in that sector, are still in the learning stages. Thus, CVG-Siderurgica del Orinoco, or SIDOR, is in the middle of its four-year program, according to Plan IV.

It was also learned that the Economic Cabinet analyzed in detail the financial situation of some problematic companies, such as Alcasa and Venbozel.

Edgar Marshall: SIDOR

According to the president of SIDOR, Dr Edgar Marshall, the principal iron and steel company expects to lose up to 195 million bolivars this year, basically due to the increase in the cost of financing.

The chief executive of SIDOR said that the situation derives from the heavy burden of the cost of inputs, and increases in the costs of services, raw materials and spare parts.

"In any case," said Marshall, "the sector plans to raise its prices."

The firm's deficit is due to the increase in costs, which has reached 350 million bolivars.

"Of those 350 million bolivars, only 180 are being absorbed internally through improvements in productivity," said the official.

However, Marshall admitted, the loss will amount to 195 million bolivars.

"In addition," stated the president of SIDOR, "we are responsible for supplying the country's steel needs, which is incurring great losses for us because the price of imported wire rod and steel bar is higher than the prevailing prices that are regulated by the government."

"I should add," concluded Marshall, "that the importation of these products is resulting in losses of 80 million bolivars."

#### Management Crisis Faulted

Caracas EL NACIONAL in Spanish 15 Aug 79 p D-7

[Text] Puerto Ordaz, 14 August--The Social Christian and Independent Engineers, Architects and Professionals of Ciudad Guayana claimed today that there is a management crisis in SIDOR, Alcasa, Venalum, Edelca and other enterprises that are subsidiaries of the Venezuelan Corporation of Guayana (CVG). They point to the fact that the enterprises of the iron and steel complex are under investigation by the president of the Investment Fund, Dr Leopoldo Diaz Bruzual.

The engineers of this Social Christian organization (Luis Cabareda, regional coordinator; Nally Linares, secretary; and Juvenal Vasquez, Marina Corona, Yubiri Rivas, Luis Marten Brito and Antonio Villanil, directors) claimed to be "the only ones during the Tenth Engineering Congress held last May in this city to suggest that the crisis at SIDOR was essentially a management problem. We also pointed out at the assembly," said the group, "that the mid-level employees, represented by many Venezuelan professionals, had been loyal to and cooperative with the iron and steel enterprise, putting in exhausting days, often contributing whole shifts or overtime without pay."

"We also pointed out on that occasion the errors of the 1974-1979 Guayana Plan, which was conceived as a consumer and capitalist development model, without regard for the human factor. This was a serious error, and it is imperative that the Guayana development programs be rationalized," stated the professional engineers of the Social Christian Party (COPEI).

Luis Cabareda, coordinator of this city's organization of Social Christian engineers, remarked that "they are pleased that the federal government's accusations have been fully confirmed through the Investment Fund."

Cabareda indicated that this management crisis in SIDOR, Venalum, Alcasa, Edelca and other local enterprises is of great concern, because all professionals have a stake in the situation.

"We must become involved in this national problem in order to contribute what we can to the solution of the difficulties of these firms that are so basic to the nation," commented Cabareda.

Concerning the accusations made here by some members of the Regional College of Engineers regarding Guri's latest stage, Cabareda said that he conceded that such accusations were healthy for Guayana. However, he recommended that the association be careful and not make sensationalist statements which could defeat the true objectives of the accusations and be interpreted as mere political gestures.

"After all," remarked Cabareda, "public opinion is confused and worried by this criticism by the College of Engineers (CIV), because there are contradictions in the opinions of the CIV, Edelca and Brasven. This requires a clear definition, and we would appreciate it if the CIV directors would call a special assembly of all professionals in the region, including the organizations and enterprises involved in the problem. The logical result would be beneficial for our association as well as the people in general."

#### Recovery Process Acclaimed

Caracas EL NACIONAL in Spanish 15 Aug 79 p D-16

[Text] Puerto Ordaz, 14 August--SIDOR is in the process of a recovery, according to the president of the iron and steel firm, Edgar Marshall, in a statement he made this afternoon upon arriving at the airport here.

Marshall added that he was unaware of reports that the president of the Investment Fund had received, and announced that the firm is willing to prove that plant operations are efficient from the operative, technical and financial points of view.

Edgar Marshall indicated that the Official Gazette of 5 May contained an announcement by the board of directors of the company that this year there would be a loss of 195 million bolivars as a result of the increase in the prices of inputs, spare parts, electrical energy and natural gas.

"SIDOR's debts are too high this year because of the financing burden, an additional 350 million bolivars, without considering the certainty that we will have higher production levels. Of this total, the administration is absorbing 200 million bolivars through cost reduction programs, production increases, hiring freezes and improvements in plant operation," said Marshall.

Furthermore, the president said that the external factors are beyond the administration's control, and for that reason a revision of iron and steel products is planned.

"It is not fair to measure the efficiency of a state enterprise with different tools than are used to measure the efficiency of private industry." In that sense he pointed out that the firm sells products that it imports, such as wire rod, steel bar and coils, and must absorb those losses.

He added that this year SIDOR will produce 1.2 million tons of steel products, and in 1980 it will reach 2.2 million tons of production. By 1984, it will be producing nearly 5 million tons a year, according to the expansion plan's goals.

He also mentioned an item that appeared in the World Bank Bulletin on SIDOR's Plan IV, which says that this project is the best controlled and managed one in the world.

"This reflects the world confidence in SIDOR's projects," said Marshall. In conclusion, he pointed out that the iron and steel plant's personnel has shown loyalty and dedication to its work, and he added that the country could be assured that the projects of Plan IV will be carried out within the established programs and within the budgets established earlier.

#### Full State Control Suggested

Caracas EL NACIONAL in Spanish 6 Aug 79 p D-7

[Text] The national government should reconsider the provisions of the law on the development of the coal, iron and steel industries, approved and conceived by the past administration, in terms of the constitution of the iron and steel enterprise as a mixed enterprise, which should be a state enterprise.

According to economist Jorge Sanchez Melean, member of the board of directors of Corpozulia, at the heart of the decision to establish a mixed enterprise or a completely state-run enterprise, are undeniable, very basic considerations.

--In this type of development, a mixed enterprise would only be justified by reasons concerning marketing, financing or technology.

--The marketing reasons that would justify it only exist when all or part of production goes to the export market. In our case, the case of the Zulia iron and steel industry, marketing studies have shown that production will be for the domestic market.

--The financing for this project, according to Sanchez Melean, requires special attention. There are no overwhelming reasons. Up to the present various offers have been received. The country's economic and political solvency mean that the financing can be obtained with or without a partner.

--With regard to technology, the program also requires a change in plans. This iron and steel industry will use an oxygen-converting blast furnace, the most well-known and widely used process in the world. It has at least 100 years of experience behind it.

--Thus, in the case of the technology required by the iron and steel industry, no capital partnership is required in order to have full control, especially

if that association would be with equipment suppliers, as the previous administration envisioned. In such a case, the partnership, according to Sanchez Melean, should be with steel producers, not equipment suppliers.

--The efficient operation of the plant could be assured through technology contracts with steel producers, equipment suppliers or specialized technical firms, if needed.

Sanchez Melean indicates that it is important to emphasize that a partner could detract social interest from a project of this nature. A partner could prevent the enterprise from obtaining special prices from certain buyers, or hinder the negotiation of international agreements.

He also stressed that it is the national intermediaries or representatives who are most interested in association, not the foreign businesses they represent. The latter are only interested in selling equipment, but their national representatives are also interested in obtaining access, through participation in the management of the iron and steel enterprise, to many other economic activities that will arise from a program that, together with the coal program, will involve more than 18 billion bolivars.

"For these reasons, we must take into consideration the fact that the establishment of an enterprise in this area must include the possibility of being totally state-run."

#### Optimistic Outlook

Caracas MENSAJE ECONOMICO FINANCIERO in Spanish Jun-Jul 79 p 56

[Excerpt] With the confirmation of Edgar Marshall as president of the Siderurgica del Orinoco, the projects and plans for the future of this experienced and knowledgeable professional are assured of success. The national government wisely overcame political interests, which usually prevail. In this industry, which is the key to national development, the technical considerations were given priority over other factors. At a time when steel consumption has increased dramatically in our country as well as the Andean Area, the continuity of expansion and production programs is important. With the confirmation of Edgar Marshall in our main steel plant, the achievement of the established goals is assured. The new board of directors of SIDOR is as follows: Edgar Marshall Balza (president); principal directors: Carlos Isava, Guillermo Briceno, Nestor Castro Perez Leboff, Sebastian Allegrett, Edgardo Tenreiro Degwitz and Anibal La Riva. Alternate directors: Pablo J. Morales, Eugenio Tovar Cova, Alfredo Peralta, Jacques Vera, Antonio Francis, Francisco Layrisse and Juan N. Garrido. Santos Rebolledo and Maximo Martinez will continue to serve as representatives of the Confederation of Workers of Venezuela (CTV), the former being the principal representative and the latter the alternate.

## Short-Term Goals

Although the enterprise is undergoing a difficult period with regard to financing and operations, this will not be a stumbling block for the implementation of the plans that are designed to increase production and productivity in the enterprise. Though it does not have all the resources required by the Expansion Plan, the Matanzas factory expects to receive support from the Investment Fund and from the Venezuelan Corporation of Guayana, both of which are stockholders in the firm, in order to overcome its problems.

However, if the economic problem is severe, of equal concern is the labor picture. There are currently 14,500 persons working for the firm, and in order to implement all the facilities provided for in Plan IV, approximately 5,000 more people will be required. Despite these human limitations, the optimism has not been dampened. The goal is to double last year's production, resulting in a total of 1.5 million tons. By 1980 it is hoped that 2.3 million metric tons will be produced, and by 1983 the ceiling of 5 million metric tons per year is expected to be reached. Of course, this will require a great effort on the part of the SIDOR family, which is growing daily. It must be noted that in order to increase productivity and production, it is necessary to train specialized personnel to carry out this necessary but ambitious program. If it can be attained, this increased production by SIDOR will mean that the country can save more than 5 million bolivars a year in foreign reserves, at current market prices. For this reason, it is proper that our main steel plant should receive not only the economic support of the Investment Fund and the CVG, but also the loyalty of all the personnel who work for this state-run enterprise.

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